

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

COUNTRY China

REPORT NO.

25X1

SUBJECT Monthly Bulletin No. 13, Department of Economics and Political Sciences, Aurora University.

PLACE ACQUIRED
(BY SOURCE)

25X1A

DATE ACQUIRED
(BY SOURCE)

DATE (OF INFO.)

RESPONSIVE TO	
1	2
CD NO.	
ORR NO.	
DAS NO.	
OCI NO.	

25X1

DATE DISTR. /6 - Feb 54

NO. OF PAGES 1

NO. OF ENCLS.

SUPP. TO
REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES, WITHIN THE MEANING OF TITLE 18, SECTIONS 793 AND 794, OF THE U.S. CODE, AS AMENDED. ITS TRANSMISSION OR REVELATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. THE REPRODUCTION OF THIS REPORT IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE DOCUMENTARY

[Available on loan from the CIA Library is a photostatic copy of Monthly Bulletin No. 13, dated December 47, prepared by the Department of Economics and Political Sciences, Aurora University, Shanghai. Chapter titles are as follows:

Tragic Condition of Monetary Circulation and Banking in China.
An Estimation of the Quantities of Silver Still in Private Ownership in China.
A Review of Commodity Prices Since the Victory.
Velocity of Monetary Circulation in China.
Cash Margins on the Stock Exchange: Idle Capital and Black Market.
The Draft for a New Commercial Registration Law.
Chinese Reactions to the Reopening of Private Trade with Japan.

ANNEX

Draft of the Commercial Registration Law.
Regulations for Controlling the Rate of Interest.
Revenue Duty Stamps on Sales Invoices.
Regulations Governing the Renting of Houses.

LIBRARY SUBJECT & AREA CODES

-end-

777	IL/C
773.23	IL/C
773.2	IL/C
773.11	IL/C
772.4	IL/C
781.1	IL/C
776	IL/C
784.31	IL/C
752.31	IL/C
751.4	IL/C (3L)
751.3	IL/C (3L)
105.22	IL/C
773.4	IL/C
855.2	IL/C
890.1	IL/C (3L)

U.S. Officials Only
CONFIDENTIAL

DISTRIBUTION/	STATE-X	ARMY-X	NAVY-X	AIR-X	FBI	ORR-Ev		
---------------	---------	--------	--------	-------	-----	--------	--	--

This report is for the use within the USA of the Intelligence components of the Departments or Agencies indicated above. It is not to be transmitted overseas without the concurrence of the originating office through the Assistant Director of the Office of Collection and Dissemination, CIA.

25X1A

Approved For Release 2002/08/13 : CIA-RDP80-00926A006900040019-4

Approved For Release 2002/08/13 : CIA-RDP80-00926A006900040019-4



25X1A

B.13.A.XXXIX.

5

Article 18.

The penalties provided in these Regulations shall be inflicted by court ruling.

A appeal may be lodged within five days after service of the above-mentioned ruling, but no further appeal shall be made.

Article 19.

If while the lease still runs, the owner of a house, without any reason, compels or orders the lessee to move out, the lessee may request a judicial organ to give him effective protection.

Article 20.

If against legal procedure and without any adequate right, any person occupies or uses the house of another, the owner of the house may warn him to move away within a fixed time limit; he may further request a judicial organ to make him move out by compulsion.

Article 21.

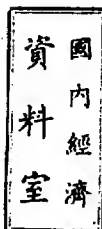
In order to comply with the needs of the localities or regions designated in Article 1, the various provincial and municipal governments may draw up supplementary measures and submit them to the Executive Yuan for confirmation.

Article 22.

These Regulations shall come into force on the day of promulgation, and the term of their effectiveness shall be three years. On the expiration of this term, the supplementary measures mentioned in the preceding article shall simultaneously lose their effect.

(End)





震旦大學
UNIVERSITE L'AURE
SHANGHAI

No. _____

FACULTE DE DROIT

SECTION DES SCIENCES
POLITIQUES ET ECONOMIQUES

上海重慶南路

BUREAU DE DOCUMENTATION
(ECONOMIE CHINOISE)

280 CHUNGKING NAN LU (SUZAIL)
TEL. 88761

M O N T H L Y B U L L E T I N

E.S. de BREUVERY
Dean of the Department of Economics
and Political Sciences
Editor

Advisory Board

A. BOMBICHON
M. THORNTON
A. SUNG CHIA-HUAI
MICHAEL W.Y. LEE
JOHN T.B. CHEN

Dean of the Faculty of Law
Dean of the Department of Sociology
Professor of Chinese Civil Law
Research Assistant, Bureau de Documentation
Research Assistant, Bureau de Documentation

SECOND YEAR

NO. XIII - December 20th. 1947.

Contents

DOCUMENT NOS.

- 73. Tragic Condition of Monetary Circulation and Banking in China.
- 74. An Estimation of the Quantities of Silver Still in Private Ownership in China.
- 75. A Review of Commodity Prices Since the Victory.
- 76. Velocity of Monetary Circulation in China.
- 77. Cash Margins on the Stock Exchange: Idle Capital and Black Market.

STUDY NOS.

- XII. The Draft for a New Commercial Registration Law.
- XIII. Chinese Reactions to the Reopening of Private Trade with Japan.

ANNEX NOS.

- XXXVI. Draft of the Commercial Registration Law.
- XXXVII. Regulations for Controlling the Rate of Interest.
- XXXVIII. Revenue Duty Stamps on Sales Invoices.
- XXXIX. Regulations Governing the Renting of Houses.

SEE PAGES II & III
For three important notes.

- 1. On the Rules Governing the Application of the Special Business Tax Law.
- 2. On the Banking Law.
- 3. On the Rules Governing the Application of the Revenue Stamp Duty Law: Correction of a printer's mistake.

II

EDITOR'S NOTES

- 1.- ON THE RULES GOVERNING THE APPLICATION OF THE SPECIAL BUSINESS TAX LAW promulgated by the Executive Yuan on the 11th. of June 1947, the translation of which appeared in Monthly Bulletin No. IX (June-July 1947). Annex XXIII.

In a letter (Ts'ai Chih 'II' Tzu No. 63977-13890) to the Bankers' Association of Shanghai on Oct. 21st. 1947, the Ministry of Finance declares that apart from the "interest on deposits" whose temporary cancellation had already been granted (see Monthly Bulletin No. XI - Oct. 1947. P. II. Editor's Note 4), the items of "remittance charges" (charges for remittance services) and "fees" (fees received for payment services) may also temporarily be deducted in the computation of the business profits of banking institutions (see attached table of Art. 5), in order to lighten their tax burden (cf. the Bankers' Weekly, Nov. 17th. 1947).

- 2.- ON THE BANKING LAW promulgated by the National Government on the 1st of September 1947, the translation of which appeared in Monthly Bulletin No. VIII (May 1947). Annex XV and No. IX (June-July 1947). Annex XX.

a) The Ministry of Finance on Oct. 22nd. 1947 issued the following ordinance (Ts'ai Chien Ju Tzu No. 17440): Since it is laid down in Art. 110 of the Banking Law that the procedure for the business registration of banks shall be governed by the provisions of the Company Law, and according to Art. 308 of the Company Law the registration of the establishment of a branch company shall not become definite until a licence has been issued by the central competent authority, it is clear that a business licence should be issued for the registration of each branch or sub-office of a bank. Therefore all branch banks whose foundation has been approved by the Ministry, shall within one year apply to the Ministry for the issue of a business licence, submitting the licence fee and the revenue stamp duty for the licence and also setting forth the following particulars as provided in Art. 349 of the Company Law: 1) The name of the branch office; 2) Location of the branch office; 3) Full name, native place and domicile of the manager of the branch office; 4) Particulars set forth in the certificate of registration of the head office of the company and the number of the certificate (cf. the Financial Weekly, Dec. 3rd. 1947).

b) Another ordinance (Ts'ai Chien Ju Tzu No. 17442) dated Oct. 22nd. 1947, also issued by the Ministry of Finance, lays down that if the name of any bank whose registration had been approved before the promulgation and enforcement of the Banking Law, does not correspond to its type of business, either the business transactions shall be readjusted or the name shall be changed within one year after the promulgation of this Law (see Art. 14 of the Banking Law); if the name of any bank fails to indicate its type, an indication shall immediately be added and an alteration shall be made in the business registration with the Ministry of Finance (cf. the Financial Weekly, Dec. 3rd. 1947).

c) According to information published in Ta Kung Pao, Shanghai, Dec. 9th. 1947, the Ministry of Finance has recently announced that all banks which have not yet readjusted their business transactions according to the law, shall comply with

III

Art. 53 of the Banking Law concerning the restrictions on their investments, i.e. when they purchase certificates of shares of limited liability of companies for productive enterprises, public utilities or communications, the purchasing value of the share certificates of each company shall not exceed two per cent of the total amount of the deposits and the aggregate purchasing value shall not surpass twenty per cent of the total amount of the deposits; where previous investments have exceeded the above prescribed limits, readjustment shall be made within one year. All banks shall also, according to Items 7 & 9 of Art. 50 and Items 5 & 7 of Art. 59 of the Banking Law, strictly separate their investments in productive enterprises from their purchases and sales of securities, and in particular shall keep separate accounts for them.

- 3.- ON THE RULES GOVERNING THE APPLICATION OF THE REVENUE STAMP DUTY LAW published in Monthly Bulletin No. X (Aug.-Sept. 1947). Annex XXVI.

Through a printer's slip, there is a mistake in the date of promulgation given for the above-mentioned Rules; it should be: the 3rd. of July 1947.

IV

The MONTHLY BULLETIN is edited by The "BUREAU DE DOCUMENTATION" of the Department of Economics and Political Sciences, Aurora University (Shanghai).

Part of the work of the "BUREAU DE DOCUMENTATION" is the systematic filing of all articles in the chief Chinese periodicals (monthly, weekly and daily) which deal with the economic and financial life of the Far East. References on any subject can be found immediately by means of a detailed card index.

The aim of the BULLETIN, which appears on the 20th. of each month, is to put at the disposal of foreigners the economic and financial points of view expressed in articles in the Chinese reviews. A certain number of these articles are carefully chosen and reproduced each month in English, either in full translation or in the form of digests.

Each article translated or summarized is published separately under the heading "DOCUMENT No...." so as to enable each reader to classify them according to his personal system. A classified index will appear at the end of each year.

Where several articles on the same subject are written from widely divergent points of view the BULLETIN summarizes these points of view under the name "STUDY, No...."

When it seems advisable the BULLETIN adds to these Documents and Studies the translation of relevant laws or administrative acts, which form "Annexes" to the Documents or Studies.

The BULLETIN is being published to meet a definite need and any suggestions as to the best way of meeting that need will be welcomed.

Though the selection, translation and summarizing of the articles and other texts is done under the authority of the Dean's Office of the Department of Economics and Political Sciences, the authors, whose names appear on each Document, Study and Annex, are alone responsible for the statements of fact or opinion expressed in them.

As regards the REPRODUCTION of translations and digests published in the Bulletin:

1. The Bureau of Documentation reserves to itself the right of permission for the reproduction of its Documents, Studies and Annexes, either in whole or in part, in journals or reviews published in the Far East.
2. There is no restriction on the reproduction of articles from the Bulletin in other countries, but any editor making use of this privilege is requested to send to the Bureau of Documentation a copy of the review or journal containing the reproduction.
3. Every reproduction should be preceded or followed by the acknowledgement: "from the MONTHLY BULLETIN published by the Bureau of Documentation (Chinese Economics) of Aurora University, Shanghai".

LIST OF CHINESE PERIODICALS
RECEIVED AT THE
"BUREAU DE DOCUMENTATION"
(December 20th, 1947)

QUARTERLY REVIEWS

The Bankers' Quarterly (Fukien)	(Yin Hang Chi K'an)
The Bank of Taiwan Quarterly	(Taiwan Yin Hang Chi K'an)
The Economic Development Quarterly (Kiangsi)	(Ching Chien Chi K'an)
Quarterly Review of Social Sciences	(She Hui Ke Hsueh Tsa Chih)
Spinning, Weaving & Dyeing Quarterly	(Fang Chih Yen Chi K'an)

MONTHLY REVIEWS

Agricultural Information	(Kung Yeh T'ung Hsin)
Banking Information	(Yin Hang T'ung Hsin)
The Central Bank of China Monthly	(Chung Yang Yin Hang Yueh Pao)
The Chekiang Economic Review	(Chekiang Ching Chi)
China Industrial Development	(Kung Kwang Chien She)
Commercial Research	(Shang Hsueh Yen Chiu)
The Cotton Yarn Monthly	(Kien Yeh Yueh Pao)
The Farmers' Bank Monthly	(Chung Kung Yueh K'an)
The Financial Review	(Ts'ai Cheng P'ing Lun)
Industrial Cooperatives	(Kung Yeh He Tso)
The Industry Monthly Magazine	(Kung Yeh Yueh K'an)
The Juristic & Economic Review of	(Chen Tan Fa Lu Ching Chi
Aurora University	Tsa Chih)
Kung Yih Industrial & Commercial Bulletin	(Kung Yih Kung Shang T'ung Hsin)
The Lih Hsin Monthly Review	(Lih Hsin Yueh Pao)
Modern Accounting	(Hsien Tai Kuai Chi)
The National Journal of Commerce	(Shang Yeh Yueh Pao)
National Reconstruction	(Chung Kuo Chien She)
The Oriental Review	(Tung Fang Tsa Chih)
The Pacific Monthly Review	(Tai P'ing Yang Yueh K'an)
The Public Opinion Monthly	(Ch'ing I)
The Rural Affairs Monthly	(Kung Ts'un Yueh K'an)
The Sea Products Monthly	(Shui Ch'an Yueh K'an)
Spinning, Weaving & Dyeing Engineering	
Monthly	(Fang Chih Yen Kung Ch'eng)
Taiwan Paper Information	(Ts'ai Chih T'ung Hsin)
Textile Reconstruction Monthly	(Fang Chih Chien She)
The World Monthly	(Shih Chieh Yueh K'an)

SEMI-MONTHLY REVIEWS

The Business World	(Kung Shang T'ien Ti)
The Economic Review of the Hopeh	(Hopeh Sheng Yin Hang Ching
Provincial Bank	Chi Pan Yueh K'an)
The New China Magazine	(Hsin Chung Hwa)
Stock Exchange Review	(Cheng Ch'uan Shih Ch'ang)
Taiwan Sugar Information 1)	(Ts'ai T'ang T'ung Hsin)

WEEKLY REVIEWS

The Bankers' Weekly	(Yin Hang Chou Pao)
The Century Review	(Shih Chi P'ing Lun)
The Economics Weekly	(Ching Chi Chou Pao)
The Economic Review	(Ching Chi P'ing Lun)
The Financial Weekly Review	(Chin Yung Chou Pao)
The Observer	(Kuan Ch'a)
The Textile Weekly	(Fang Chih Chou K'an)
The Weekly Review of Laws	(Fa Ling Chou K'an)

DAILY PAPERS

Cheng Yen Pao - Chin Yung Jih Pao - Chung Yang Jih Pao - Shang Pao -
Shen Pao - Sin Wen Pao - Ta Kung Pao - Tung Nan Jih Pao

1) Published three times monthly.

LIST OF CHINESE PERIODICALS
RECEIVED AT THE
"BUREAU DE DOCUMENTATION"
(December 20th, 1947)

QUARTERLY REVIEWS

The Bankers' Quarterly (Fukien)	(Yin Hang Chi K'an)
The Bank of Taiwan Quarterly	(Taiwan Yin Hang Chi K'an)
The Economic Development Quarterly (Hiangsi)	(Ching Chien Chi K'an)
Quarterly Review of Social Sciences	(She Hui Ke Hsueh Tsa Chih)
Spinning, Weaving & Dyeing Quarterly	(Fang Chih Yen Chi K'an)

MONTHLY REVIEWS

Agricultural Information	(Kung Yeh T'ung Hsin)
Banking Information	(Yin Hang T'ung Hsin)
The Central Bank of China Monthly	(Chung Yang Yin Hang Yueh Pao)
The Chekiang Economic Review	(Chekiang Ching Chi)
China Industrial Development	(Kung Kwang Chien She)
Commercial Research	(Shang Hsueh Yen Chiu)
The Cotton Yarn Monthly	(Kien Yeh Yueh Pao)
The Farmers' Bank Monthly	(Chung Kung Yueh K'an)
The Financial Review	(Ts'ai Cheng P'ing Lun)
Industrial Cooperatives	(Kung Yeh He Tso)
The Industry Monthly Magazine	(Kung Yeh Yueh K'an)
The Juristic & Economic Review of	(Chen Tan Fa Lu Ching Chi)
Aurora University	(Tsa Chih)
Kung Yih Industrial & Commercial Bulletin	(Kung Yih Kung Shang T'ung Hsin)
The Lih Hsin Monthly Review	(Lih Hsin Yueh Pao)
Modern Accounting	(Hsien Tai Kwei Chi)
The National Journal of Commerce	(Shang Yeh Yueh Pao)
National Reconstruction	(Chung Kuo Chien She)
The Oriental Review	(Tung Fang Tsa Chih)
The Pacific Monthly Review	(Tai P'ing Yang Yueh K'an)
The Public Opinion Monthly	(Ch'ing I)
The Rural Affairs Monthly	(Kung Ts'ua Yueh K'an)
The Sea Products Monthly	(Shui Ch'an Yueh K'an)
Spinning, Weaving & Dyeing Engineering	
Monthly	(Fang Chih Yen Kung Ch'ang)
Taiwan Paper Information	(T'ai Chih T'ung Hsin)
Textile Reconstruction Monthly	(Fang Chih Chien She)
The World Monthly	(Shih Chieh Yueh K'an)

SEMI-MONTHLY REVIEWS

The Business World	(Kung Shang T'ien Ti)
The Economic Review of the Hopeh	(Hopeh Sheng Yin Hang Ching)
Provincial Bank	(Chi Pan Yueh K'an)
The New China Magazine	(Hsin Chung Hwa)
Stock Exchange Review	(Cheng Ch'uan Shih Ch'ang)
Taiwan Sugar Information 1)	(T'ai T'ang T'ung Hsin)

WEEKLY REVIEWS

The Bankers' Weekly	(Yin Hang Chou Pao)
The Century Review	(Shih Chi P'ing Lun)
The Economics Weekly	(Ching Chi Chou Pao)
The Economic Review	(Ching Chi P'ing Lun)
The Financial Weekly Review	(Chin Yung Chou Pao)
The Observer	(Kuan Ch'a)
The Textile Weekly	(Fang Chih Chou K'an)
The Weekly Review of Laws	(Fa Ling Chou K'an)

DAILY PAPERS

Cheng Yen Pao - Chin Yung Jih Pao - Chung Yang Jih Pao - Shang Pao -
Shen Pao - Sin Wen Pao - Ta Kung Pao - Tung Nan Jih Pao

1) Published three times monthly.

B.13.D.73.

U N I V E R S I T E L ' A U R O R E

- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

260 Chungking Nan Lu (Dubail)
Tel: 85761

Topic:	Tragic Condition of Monetary Circulation and Banking in China	Document No.: 73
Author:	Chi Ch'ung -wei	Nature: Translation slightly condensed
Periodical:	Ta Kung Pao	Number of pages: 10
Dates of Issue:	Nov. 25, 27, 28, Dec. 1, 2, 1947.	Remarks: Original title is: "Conditions of the Monetary Circulation in China"-sub-titles are not in the original.

TRAGIC CONDITION OF MONETARY CIRCULATION
AND BANKING IN CHINA

Everyone knows that the present economic crisis in China is due to monetary inflation; everyone is crying out against the depreciation of currency values. Obviously besides currency inflation the present economic poverty and the rapid rise of commodity prices have many contributory causes such as wartime destruction, the decrease in production, the exhaustion of our foreign exchange reserve and the paralysing of transportation. But currency inflation is still the most important factor, therefore in studying the trends of China's economics stress must be laid on the conditions affecting the currency itself and on the activities revolving around it.

I.- Characteristics of the Present Circulation of Money in China and Its Effects on Prices.

Monetary circulation in China today presents three characteristics deserving our special attention: the inflatory volume of note issue; the increasing velocity of monetary circulation; and the steadily narrowing area in which paper circulates. With a clear understanding of these three points we can arrive at a comparatively accurate estimate of the present and future role of the legal tender in the economy of China.

1. Inflatory circulation.

According to general estimate the volume of note issue at the end of last year was about 3,500,000 million dollars. At the end of June this year it was over 10,000,000 million, showing that the Government, owing to the unbalanced budget in the first half of the year, had increased the issue of notes until it averaged over 1,000,000 million dollars per month. At the end of August, according to reliable information, the volume of notes issued was about 15,000,000 million dollars. In September and October, because of the rise in commodity prices, the note issue was greater than in any of the preceding months.

E.13.D.73.

2

Assuming that until November the Government was short of 3,000,000 to 4,000,000 million dollars per month, the volume of note issue cannot be less than 24,000,000 million dollars, not including notes of the Bank of Taiwan and the notes circulating in the North East. The volume of note issue in 1937 was 1,400 million dollars, even including notes issued by the various Provincial and Municipal Banks it was at most 1,800 million dollars. A comparison with the present figure shows an inflation of 13 to 17 thousand times.

While the currency has been inflated to more than 10,000 times what it was before the war, the index numbers of commodity prices show an increase of 80,000 to 90,000 times for the same period ¹⁾ according to the index numbers of commodity prices worked out by the China Economic Research Bureau on November 15th, the price level was 104,671 times the prewar level, and according to the index numbers of wholesale prices for basic commodities in Shanghai, worked out at the same time by the Economic Research Bureau of the Central Bank, it was 51,802 times. The great discrepancy between the rise in price levels and the increase in the volume of note issue is explained, apart from the general principle that the rate of the rise of prices is more rapid than that of inflation, by the condition of the circulation of the fapi.

2. Increasing Velocity of Monetary Circulation.²⁾

In a period of inflation, a rise in commodity prices can be caused not only by the volume of note issue but also by the velocity of its circulation. The people of China, who have suffered from inflation for the last ten years, have all but lost both their confidence in the fapi and their interest in keeping it. No one is willing to keep fapi but all are doing their best to exchange it for goods. The period favours the philosophy of "What you save you lose and what you spend you have". When prices fluctuate, the velocity of circulation of the fapi increases more and more. This is reflected in the liquidity of bank deposits. Before the war more than 40% of these were fixed term deposits; but now, except in a few large banks, fixed term deposits have dropped nearly to zero. In August 1947 they constituted only 0.3% of a total deposit of 1,400,000 million dollars in the banks in Shanghai, and only 10.6% of a total deposit of more than 2,500,000 million dollars in the banks of the whole country. Moreover even these deposits are mostly public funds or endowments whose term is very short, usually 10 or 15 days and at most 2 or 3 months. To attract fixed-term deposits the banks have to pay interest almost as high as that on loans; deposits that really represent savings do not exist. An examination of current deposit accounts in many banks reveals at once that though figures for debits and credits are very large, reaching hundreds of billions of dollars, yet the credit balance remains very small, usually between 100,000 and 1,000,000 dollars. Except for special reasons, such as a large payment ahead, the industrial and commercial firms will not leave large deposits in the banks.

EDITOR'S NOTES:

1) Compare with Document No.75 in this Bulletin: "A Review of Commodity Prices since the Victory" (p.3) by Wang Chung-wu.

2) For a more detailed study of this matter see Document No.76 in this Bulletin: "Velocity of Monetary Circulation in China" by Hsu Chien-p'ing.

B.13.D.73.

From the figures for the amounts cleared through the Shanghai Clearing House we can estimate the present velocity of circulation of the fapi.

Period	No. of bills	Amount of Money
1936	2,578,913	\$5,984,361,071
Monthly Average	214,909	498,692,172
Daily average (on basis of 26 days)	8,265	19,180,468
Sept. 1947	4,105,562	58,783,065,681,602
Daily average (on 26 days)	157,945	2,260,887,141,600
Ratio of increase	19.1	118,994

As analysed in the above table, the number of bills cleared in September is 19 times the monthly average of 1936 and the amount cleared is 119,000 times. On the 15th and 30th of September, when the figures were highest, the number of bills was 25 times and the amount cleared 159,572 times the average of 1936. This is more than 10 times the increase in the issue of fapi. Therefore the expansion of credit currency is 10 times what it was before the war.

The economic research organization of a certain bank has calculated the velocity of deposit circulation in modern and native banks in Shanghai from the figures of clearances and statistics of deposits in several important banks. The velocity reaches 60 times per month, which means that each dollar changes hands twice a day in the market. A parallel study by the Economic Research Bureau of the Central Bank gives the following results from January to June 1947:

January	19.77	April	22.57
February	24.63	May	33.96
March	21.32	June	38.06

The above statistics show that the velocity of circulation of deposit currency is continually increasing. Though no statistics later than June have yet been published, it appears that in September it increased by as much as 60 times.

From the above discussion of the velocity of circulation of deposit currency it is clear that the velocity of cash circulation, though perhaps not so high, has increased enormously as compared with the prewar period.

This increase in the velocity of currency circulation is equivalent to an increase in purchasing power which immediately creates a demand for commodities and services and thus acts as a strong stimulation to commodity prices.

3. The steadily narrowing area of fapi circulation.

The territory in which fapi circulates is continually narrowing; at present there are two great forces at work against its circulation in the countryside. The first is that fapi can no longer circulate in military areas; the second that in rural villages and small country towns commodities are gradually taking the place of money as a medium of exchange. Farmers and small dealers in the interior, having lost confidence in the fapi use commodities such as rice, corn or cloth as standards of payment in their sales transactions and loan obligations. Fapi is used only for the purchase of daily

R.13.L.73.

necessaries from outside and for petty expenses. Thus the distribution of fapi in the country districts continually becomes smaller while the fapi originally circulated there is gradually driven in and centralized in the large cities.

II.- Elimination of the True Function of Banking.

The inflation of currency can stimulate industrial and commercial development and also promote an abnormal prosperity in the banking business. But this happens only in the early stage of moderate inflation; when the commodity prices rise rapidly again and again, and hyper inflation sets in, not only is the development of proper industrial and commercial enterprise hampered but banking itself and its position in the national economy are weakened.

1. The position with regard to deposits.

Before the war the amount deposited in banks throughout the country was about 4,000 million dollars: in 1936 the deposits in all commercial banks totalled 2,700 million odd dollars. The amount of the deposits was therefore at that time more than the volume of notes issued. But now the deposits in banks other than government banks for the month of August was 2,500,000 million dollars for the whole country, or the equivalent of 10 to 20% of the volume of note issue. Even if we include the deposits in the Bank of China, Bank of Communications, Farmers' Bank, Postal Remittances Savings Bank, Central Trust and Central Cooperative Bank, the amount of deposits is equivalent only to 40 or 50% of the volume of note issue. Comparison may be made with countries which possess a relatively stable currency, such as the United States, where in December 1946 the volume of circulation was 28,500 million dollars, while the deposit in commercial banks was 118,000 million dollars and the ordinary deposit in the Federal Reserve Bank was 50,400 million dollars. The total amount of deposits was more than five times the volume of notes in circulation. At the same time the volume of notes in circulation in England was 1,380 million pounds and the deposit in commercial banks was 5,085 million pounds. The amount of deposit was more than four times the volume of note issue.

If we measure the deposits today by the index numbers of commodity prices we find that its real value is pitifully small. In August when the wholesale commodity prices were 50,000 times those before the war, the deposits in the commercial banks of Shanghai amounted only to 1,400,000 million dollars, or the equivalent of 28 million dollars before the war. But in 1936 the deposits in the Shanghai Commercial and Savings Bank alone were 140 million dollars; in the National Commercial Bank, 60 million dollars and in Sin Hua Trust & Savings Bank, 30 million dollars. At present the deposits in these banks amount at most to 40,000 or 50,000 million dollars.

To prove that the volume of deposits is in inverse ratio to the depreciation of currency value we may compare the rate of deposits and the index numbers of commodity prices over 2 years. In January 1946 the deposits in Shanghai banks amounted to 35,500 million dollars, while the price index was about 1,000. Dividing the deposits by the price index we get a pre-war value of a little over 35 million dollars. In January 1947 the amount of deposits was 298,500 million dollars and the index number of commodities was almost 10,000, so that the prewar value of the deposits was only 29,850 thousand dollars. In August it had further declined to 28 million dollars: conditions were indeed going from bad to worse.

B.13.D.73.

5

In October a Joint Association of the Native Banks of the whole country was formed and held its first meeting at Nanking, at which the following very important statement was made concerning the position of both modern and native banks:-

"Since the inflation, the economic order has been disturbed and the greater part of the nation's capital has ceased to pass through the banking institutions. Therefore the present financial strength of the banks cannot be compared with what it was before the war. In the past, the deposits in a native bank in a village or town could meet the financial needs of several hundred farmer families. The funds of a native bank in a city could supply working capital for at least thirty to eighty factories. But now everything is changed. Native banks in the interior cities have a capital of only several hundred million dollars, while that of the small banks is scarcely worth counting. Even with deposits of 10,000 million dollars the strength of a bank is only about equivalent to that of a cloth store with a stock of a hundred odd cases of cotton cloth. It can hardly meet the demands of present-day society."

2. Unsound competition from Government Banks.

Another characteristic of banking today is the abnormal development of the power of the Government banks. Under their unfair competition the power of the commercial and native banks is continually decreasing. The total volume of deposits in Government banks may be compared as follows with that in other modern and native banks throughout the country for the last year and a half:- (unit: \$100 million)

Date	Banks of whole Country	Government Banks	Ratio
Jan. 1946	754	8,506	1:11
June "	2,505	31,157	1:13
Dec. "	4,980	53,904	1:11
Jan. 1947	6,138	55,480	1:9
Mar. "	11,263	57,093	1:5
June "	14,290	126,950	1:8

NOTE: Government Banks include the Central Bank, Bank of China, Bank of Communications, Farmers' Bank, Central Trust, Postal Remittances and Savings Bank and Central Cooperative Bank. The Banks of the whole country include provincial, municipal, commercial and native banks.

The reasons for the great discrepancy between the amounts deposited in the commercial and native banks and those in the Government banks are as follows:

- Government organizations and Government operated enterprises are not allowed, under the restrictions of the law, to make deposits in commercial and native banks.
- The very large loans granted by the Government banks to industrial and commercial firms are closely related to the deposits, since by the conditions laid down in the loan contracts money so borrowed from the Government banks may not be deposited in other banks.
- The establishment of branches by the commercial and native banks is restricted by law.

B.13.D.73.

6

Ten to fifteen per cent of the limited amount of deposits in the commercial and native banks has to be lodged with the Central Bank as deposit reserve. In August the Shanghai banks, with total deposits of 1,400,000 million dollars, had to lodge a reserve of 200,000 million with the Central Bank, which also received a deposit of 200,000 to 300,000 million dollars from the clearing banks. The Central Bank thus lessens the funds available to the commercial and native banks for daily use, by about 20 to 30%. When money is tight they cannot get relief from the Central Bank through rediscounting.

The three Government Banks, the Central Trust and the Postal Remittance and Savings Bank make no deposit reserve in the Central Bank against their deposits, and they can obtain a supply of capital by overdraft, rediscount and remortgage with the Central Bank. They can perform the functions of an ordinary commercial bank while the ordinary commercial banks cannot perform their functions. Therefore they can take advantage of their special position and powers in competing with the commercial banks. Moreover they form a special bloc with sole powers of manufacturing and controlling currency.

For the granting of loans the Government banks are again in a privileged position. The ordinary loans which they have recently granted, with the approval of the Joint Head Office of the Four Government Banks, amount to about 2,800,000 million dollars, while the total volume of loans made in August by the commercial and native banks in Shanghai only amounted to 1,000,000 million dollars; and according to the deposit ratio of the Shanghai banks to those of the whole of the country, probably the total volume of loans from the commercial banks of all China could not have been more than 2,000,000 million dollars.

3. The impotence of the private banks.

Space limitation prevents our setting forth all the grievances of the commercial and native banks; but we must point out how the relative weight of these banks in the general social economy has been diminished by the disappearance of the social classes who have savings, the accelerated velocity of circulation and the monopolising of the greater part of the inflated currency by the Government banks. The banks can no longer absorb and utilise the wealth of society but have become mere agents of the industrial and commercial enterprises for paying, receiving, clearing and settling their working capital. The strength of the commercial banks has been so weakened that it is not even equal to that of a large factory or business firm.

All this has the following reactions on the money market:-

- a) Commercial banks cannot meet the needs of industry and business. The amount of their deposits is small and they are very floating. Therefore the term of deposit becomes shorter and shorter while the figure representing purchasing power steadily diminishes. In small and middle-sized banks, mortgaged loans at fixed term have become rare and the chief types of loan made are discount and overdraft. Some small banks grant loans on a daily basis; one day money is easy and the bank lends; next day money is tight and it at once calls in its loans. Banks whose financial standing is so weak certainly cannot satisfy the needs of industry and business. Therefore
- b) Productive enterprises, besides relying on their own resources, apply to the Government for loans, resort to underground banks or themselves absorb deposits.

B.13.D.73.

7

- e) Though the commercial banks have been weakened, they are still the centres for credit and clearance. They cannot meet the public demand for capital, but on account of the difficulty of obtaining advances from the Government they are still the main source of finance for industry and commerce. Therefore the whole money market is ordinarily influenced by the weakness of the commercial banks. But today the money market follows not the modern or native banks but the Government banks and floating capital. The commercial and native banks are now passive and receive their impetus from others.

III.- Present Trends of China's Money Market.

For a full understanding of the situation of China's banking business we must study the present trends of the money market and the movement of capital throughout the country. Three main factors determine the present trends of the money market, the flow of loose capital to Shanghai from the interior, the movement of funds from North to South China, and the inability of the Central Bank to counteract the consequences of the unbalanced Budget.

1. The flow of loose capital to Shanghai.

According to the statistics of different banks in Shanghai in 1946 the money remitted to Shanghai exceeded that remitted from Shanghai by 782,500 million dollars ¹⁾. From January to September this year the inward remittances exceeded the outward by 7,780,000 million dollars. The percentage of excess of the inward remittances is steadily increasing: last year it was 200% to 300% more; this year 300% to 400%; in August it reached 656%. The cash that flows into Shanghai from all parts of the country must also amount to at least 20 to 30 thousand million dollars, judging from the fact that most of the clearance of small and middle-sized banks has to be settled in cash; but no exact statistics can be made as to the volume. Part of this money comes to Shanghai to buy industrial products and commodities, part for speculation and lending out at a high rate of interest; and part to buy foreign exchange on the black market to effect a flight of capital.

2. The movement of funds from North to South China.

The direction of flow of the wealth of the country is generally from North to South. The North is the main battle-field: large amounts are paid for military expenses there and the floating funds thus created, finding no use in the North, flows in large quantity to the Southern and Eastern provinces, with Shanghai as centre, there to be exchanged for such commodities as food products, cloth and industrial goods from Central China or to be used for other activities. In the past these floating funds usually

1) NOTE: At the end of last year, the total volume of note issue only amounted to 3,500,000 million dollars.

3.13.D.73.

concentrated on the gold bar and U.S. dollar market and on the security market. But since trading in gold bars and U.S. notes has been forbidden and since the imposition of foolish restrictions on the security exchange ¹⁾, the floating fund can only concentrate on commodities or escape through buying exchange on the black market. A large quantity of the fapi concentrated in Shanghai also flows to South China by the payment of overseas remittances, while part is used to buy smuggled goods and part escapes to Hongkong, to Macao or to foreign countries. As a result the flow of fapi to the south directly breaks down the control of our foreign exchange and indirectly devaluates the fapi abroad.

3. Inability of the Central Bank to counteract the evils of the unbalanced Budget.

Public expenditure being continually in excess over public revenue, the Government has to resort to continuous printing of new notes, but the notes once issued cannot be retired from circulation despite the efforts of the Central Bank. While the branches of the Central Bank are usually short of cash, the markets in the same places are flooded with currency, forming a marked contrast. In the cities of Manchuria and North China, especially, since the beginning of this year money has remained easy and only when commodity prices rose rapidly a slight monetary stringency was felt. In Shanghai the Government was able to absorb only part of the inflated currency through the sale of commodities, and the collection of a large amount in taxes. But the currency thus retired is limited. If we examine the clearance of the Government banks in Shanghai we shall find a credit balance of 30,000 million dollars in March, of 110,000 million in April, of 104,000 million dollars in May and June together, a debit balance of 120,000 million dollars in July and of 70,000 million dollars in August, and a credit balance of over 440,000 million dollars again in September. For these seven months, offsetting the credit and debit balances, the net credit balance was only 470,000 million dollars. But within the same period the incoming exceeded the outgoing remittances in the commercial banks in Shanghai by 7,200,000 million dollars. Therefore the volume of currency absorbed by the Central Bank in Shanghai is only one-fifteenth of the capital flowing into the city from outside ²⁾. Though these efforts of the Central Bank have but a meagre effect on the contraction of currency, they have great influence on the money market in Shanghai. It may be said that the Shanghai money market is today the scene of the principal battle between the Central Bank and idle capital. The Central Bank, in order to contract the currency, resorts to other methods besides selling commodities and collecting taxes. It sells American treasury notes, exacts deposit reserves, clearing deposits and a margin for trading in securities. But the expenditure of the National Treasury, the purchase of commodities, the granting of productive loans and the continuous inflow of currency from outside make it impossible for its suction pump to dry up the flood of cash in Shanghai. No effort made by the Central Bank to tighten up the currency can be maintained for more than ten days, while as a result of easy money commodity prices rise steadily in a series of large increases and

1) EDITOR'S NOTE. For a detailed study of this question, see Document No.77 in this Bulletin: "Cash Margins on the Stock Exchange: Idle Capital and Black Market" by Liu Kuang-ti.

2) NOTE: The debit and credit balances of cash are not included here; usually the Central Bank in Shanghai pays out more cash than it receives.

B.13.D.78.

9

small decreases. The Central Bank is fully aware that no local or temporary contractions of currency can stop the rise of commodity prices; but the rise can at least be restricted within certain limits by tightening the currency.

In this struggle between the Government banks and idle capital, the commercial banks are the first to suffer.

IV.- American Help is insufficient to Break these Vicious Circles.

As everyone knows, the currency inflation is due to the unbalanced Budget; and the Budget is unbalanced mainly because of the civil war. As long as the state of war continues, none of the methods used by the Government to balance the Budget and to counteract the present monetary evils can be effectual. The sale of gold bars and commodities and the issue of bonds have already been tried; at present the Government is attempting to bring down commodity prices by controlling the commodities. But this method obviously cannot succeed so long as the production and consumption of the whole country are not in equilibrium. What then is likely to be the future tendency of finance and what will be the fate of the fapi?

Many believe that the only way to save China from economic collapse is to ask aid from America, but this is sheer illusion. The real value of American aid is often overestimated. For instance Mr. William Bullitt, in "Reactions on My Visit to China", expresses the opinion that 250 million U.S. dollars will suffice to recall all the fapi. Therefore an exchange stabilisation fund of 150 million U.S. dollars and 200 million U.S. dollars annual unsecured loan can solve China's inflation problem. We cannot agree with his point of view for the following reasons:

1. The fundamental problem in our currency inflation is not the bank notes already issued, which are already in process of inflation and have shifted their burden to the people, but the future balancing of Government finance. Though 250 million U.S. dollars can recall the existing fapi, if after its recall Government finances still cannot be balanced, the problem remains.

2. After ten years of inflation fapi has made a deep impression on the popular mind; if confidence in the currency is to be reestablished the monetary system must be reformed. Such a reform to be stable, must embody three points: there must be an ample reserve; public expenditure must not depend on note issue; and production and consumption must be mutually coherent. These three points cannot be fully achieved by aid from America, since it is to be conditional on control over China's trade and foreign exchange and limited to the supply of foreign exchange and commodities.

3. Currency inflation is not the only factor in the rise of commodity prices. The civil war is destroying or obstructing industrial, mineral and agricultural production and paralyzing transportation. The consequent decline in production and difficulty in moving commodities from place to place are the main causes accelerating the rise of commodity prices. Therefore so long as military destruction continues, production remains stagnant and transportation fails to operate smoothly, even though outside aid is forthcoming and the monetary system is reformed, commodity prices cannot be stabilised; and unless they are stabilised currency inflation will simply repeat itself when outside aid is reduced or withdrawn.

2.13.D.73.

10

4. Until the war is ended it will be extremely difficult to restore popular confidence in the currency by the issue of another kind of paper money, even with ample foreign exchange, gold or commodities as reserve, since many of the farmers in China no longer have any confidence in the fapi and will not be able to distinguish between it and the new issue. It will be very difficult to reestablish confidence unless metallic coinage is put into circulation; but to change from a paper to a metal currency of a gold or silver standard is hardly in accordance with modern trends, and the United States will not be willing to lend gold to China. Furthermore the value of such money would be dependent on the price of gold and silver in the international market; and as these prices are controlled by others we could not stabilize the value of the money by our own efforts. Once it is put into circulation within the country it may be adversely affected by these outside causes.

We are therefore forced to the conclusion that in spite of all hopes the United States cannot solve our currency inflation problem nor stabilize the economy of China. The reason is that the present economic state of China may be compared to a man suffering from a serious illness. His most urgent need is quiet and rest. American aid can only be a tonic; but if the sick man only takes a tonic and does not rest, no good doctor will undertake to cure him.

(End)

3.13.D.74.

U N I V E R S I T E L ' A U R O R E

- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dubail)
Tel: 85761

Topic:	AN Estimation of the Quantities of Silver Still in Private Ownership in China.	Document No.: 74
Authors:	Yang Erh-sh'eng	Nature: Digest
Periodicals:	Central Bank of China Monthly (Chung Yang Yin Hang Yueh Pao)	Number of pages: 6
Date of Issue:	Oct. 1947.	Remarks: None.

AN ESTIMATION OF THE QUANTITIES OF SILVER
STILL IN PRIVATE OWNERSHIP IN CHINA

Although China has never been a silver producing country she had a silver standard currency up to Nov. 4th, 1935 and for this reason the variations of silver price on the international market exerted a strong influence on her foreign trade and economic conditions in general. When, in Nov. 1935, the Chinese Government abandoned the silver standard to adopt the "managed" Rapi the circulation of silver coins was forbidden and people were instructed to hand over to the government banks whatever silver was in their possession. Only a relatively small amount was actually surrendered and in many parts of the country people distrustful of the new currency held to their silver hoarding. When international conditions were favourable large amounts of silver were smuggled and meanwhile a part of the hoarded silver has been disposed of for industrial purposes.

This being so it would be interesting to try to evaluate what approximate amount of silver remains at present in the possession of individuals or corporate persons in China. This would show to what extent fluctuations of silver prices on the international market still influence Chinese economy as a whole and what help the Chinese Government could obtain in its fight for disposable foreign exchange and other economic purposes, if it could by any means get hold of the silver privately possessed in this country.

I.- Methods of Estimation.

Owing to lack of statistics the estimation of the stocks of silver actually held in China is not an easy matter. The only general figures at our disposal are those compiled by E. Kann on the amount of silver in China in 1930, which he recorded to be 2,500,000,000 ounces, and the data on imports and exports since 1930, based on the returns of the Chinese Customs, which owing to the varied units used in computation (Haikwan tael, Customs Gold Unit, Shanghai tael and Chinese National or Standard dollar) have to be converted to ounces. The quantity of silver smuggled in 1934 is known to have been 301,378,000 ounces, representing definitely the maximum attained during all these years. Meanwhile it is estimated that silver used for industrial purposes and ornaments represents one fifth of the total stock.

B.13.D.74.

2

These various elements make it possible to figure approximately the total quantity of silver remaining in the whole country and belonging either to the government or to individuals.

It remains that, in order to find out the stock in private hands it is necessary to appraise the government stock and deduct it from the results obtained already. There is no available record concerning the amount of silver handed over to the governmental institutions between Nov. 1935 and the declaration of war.

Efforts made by the authorities to collect silver during war time met with little success. It is reported that the four government banks gathered scarcely 140,000 ounces in the whole year 1942 so that it is safe to assume that 500,000 represent a maximum for the 4 following years. It is true that after the war, a very large amount of silver, about 200,000,000 ounces went to the Government from the Federal Reserve Bank of the puppet government of North China and the Central Reserve Bank and the Hua Hsing Bank of the puppet government of Central China. This last amount can be taken as representing the present stock of silver in Government possession. By deducting it from the total obtained as indicated above we will obtain the quantity in private hands (Formula A).

The last steps to take in our estimation will be to distinguish in these private stocks, the amount of silver coins from that of silver bullion. This will present no difficulty for we know the total circulation of silver coins in 1935 and we can estimate the quantity which has since been restored to the government, or disposed of by industrialists or sent abroad. The difference between the coins circulated in 1935 and these restored or disposed of since 1935 will give the quantity kept by the people in China (Formula B).

To ascertain the amount of bullion privately owned it will suffice to multiply the results of Formula B by 0.77, to convert coins into ounces, and deduct this result from the figures obtained in Formula A.

II.- The Three Formulas for Computing the People's Stock of Silver.

Formula A. "Total silver stock in China in 1930" minus "Difference between importation and exportation of silver in the years 1930 to 1947" minus "Amount of silver smuggled to foreign countries" minus "Quantity of silver used in industry" minus "Government's stock of silver" equals "Total people's stock of silver".

$$\begin{aligned} \text{so: } & 2,500,000,000 \text{ 1) } - 693,576,836 \text{ 2) } - 301,378,000 \text{ 3) } - 540,000,000 \text{ 4) } \\ & - 200,000,000 \text{ 5) } = 765,045,164 \text{ ounces.} \end{aligned}$$

- Notes: 1) This is Kann's estimation; see attached Table V.
 2) See attached Table III.
 3) See attached Table IV.
 4) 1/5 of the total stock of silver of the whole nation is considered by well-informed authorities to have been used in industry and ornaments.
 5) The approximate amount of silver taken over from the Puppet Governments after Victory is here considered as the National Government stock.

Formula B. "Quantity of silver coins circulated in 1935" minus "Quantity of silver coins which have left the country since 1935" minus "Quantity of silver coins restored to the Government" minus

B.13.D.74.

5

"Silver coins used for industry" (i.e. coins destroyed) = "Quantity of silver coins kept by the people".

1,815,845,000 ¹⁾ - 758,037,932 ²⁾ - 424,839,000 ³⁾ - 181,584,500 ⁴⁾

= 551,373,568 pieces.

Notes: 1) For the quantity of silver coins circulated in 1935, see attached Table II.

2) See attached Table VI.

3) See attached Table VII.

4) The quantity of silver coins destroyed is here presumed to be 1/10 of the sum circulated.

Formula C. "Total people's stock of silver at present" minus "Quantity of silver in ounces derived from the quantity of silver coins kept by the people" equals "Quantity of silver bullion kept by the people of whole country".

765,045,164 ¹⁾ - (551,373,568 ²⁾ x 0.77) = 765,045,164 - 424,557,647
= 340,487,517 oz.

Notes: 1) Figure from Formula A.

2) Figure from Formula B. multiplied by 0.77 to convert the sum into ounces given that dollar contains 77% of silver.

III.- Conclusion.

The question now arises whether or not the 764,000,000 ounces of silver at present held by our people can play an important role in China's finance of to-day.

According to a report of Reuter on August 27, the market price in New York was US\$0.69 for one ounce of silver. Meanwhile one ounce of gold costs officially US\$35 so that 765,000,000 ounces of silver would be equivalent to 16,191,611 ounces of gold. If the Government could get hold of it, it would be equivalent to a loan of US\$500,000,000, or one and a half times the excess value of imports over exports in the year 1946, and would greatly relieve our finance and international balance.

But it seems unlikely that the Government can persuade the people to hand over their silver holdings. It is estimated that the biggest holdings are kept by people living in the far remote border areas, who still use silver coins in their transactions. Furthermore the failure of 1935, although much money had been wasted in setting up exchange establishments throughout the country, is not very encouraging for a new trial in the present state of affairs.

+ + +

(See Attached Tables on next pages)

B.13.D.74.

3

"Silver coins used for industry" (i.e. coins destroyed) = "Quantity of silver coins kept by the people".

1,815,845,000 ¹⁾ - 758,037,932 ²⁾ - 424,839,000 ³⁾ - 181,584,500 ⁴⁾
= 551,373,568 pieces.

Notes: 1) For the quantity of silver coins circulated in 1935, see attached Table II.
2) See attached Table VI.
3) See attached Table VII.
4) The quantity of silver coins destroyed is here presumed to be 1/10 of the sum circulated.

Formula C. "Total people's stock of silver at present" minus "quantity of silver in ounces derived from the quantity of silver coins kept by the people" equals "quantity of silver bullion kept by the people of whole country".

765,045,164 ¹⁾ - (551,373,568 ²⁾ x 0.77) = 765,045,164 - 424,557,647
= 340,487,517 oz.

Notes: 1) Figure from Formula A.
2) Figure from Formula B. multiplied by 0.77 to convert the sum into ounces given that dollar contains 77% of silver.

III.- Conclusion.

The question now arises whether or not the 764,000,000 ounces of silver at present held by our people can play an important role in China's finance of to-day.

According to a report of Router on August 27, the market price in New York was US\$0.69 for one ounce of silver. Meanwhile one ounce of gold costs officially US\$36 so that 766,000,000 ounces of silver would be equivalent to 15,191,611 ounces of gold. If the Government could get hold of it, it would be equivalent to a loan of US\$500,000,000, or one and a half times the excess value of imports over exports in the year 1946, and would greatly relieve our finance and international balance.

But it seems unlikely that the Government can persuade the people to hand over their silver holdings. It is estimated that the biggest holdings are kept by people living in the far remote border areas, who still use silver coins in their transactions. Furthermore the failure of 1935, although much money had been wasted in setting up exchange establishments throughout the country, is not very encouraging for a new trial in the present state of affairs.

+ + +

(See Attached Tables on next pages)

8,332,274.

TABLE I.- Showing the Value of Importation and Exportation of Silver from 1930 to 1947.

(of. Customs Reports)

Year	IMPORTATION		EXPORTATION	
	Silver Bullion	Silver Coins	Silver Bullion	Silver Coins
1930	HK. 1) 102,559,947		HK. 35,554,029	
1931	" 75,887,687		" 30,442,671	
1932	" 58,414,489	HK. 8,840,779	" 6,737,665	HK. 62,863,187
1933	CN\$ 2) 59,358,917	CN\$ 21,073,557	CN\$ 7,948,598	CN\$ 86,906,316
1934	" 3,395,728	" 7,434,652	" 11,338,201	" 256,220,330
1935	"	" 10,996,768	" 33,178,579	" 37,215,818
1936	" 2,579	" 4,710,903	" 21,404,000	" 232,932,763
1937	" 1,889	" 594,880	" 2,607,045	" 396,479,158
1938	"	" 372	" 1,261,652	" 79,068,143
1939	" 824		" 179,455	" 1,787,418
1940				" 16,794,640
1941	" 4,284	" 2,600		" 3,245,360
1942				" 620
1943				FRB 5) 57,600
1944	CRB 3) 5,557,778	CRB 1,500		
1945	" 2,777,778			
	Oz 4) 18,718			
1946	CN\$ 25,302,000			
1947- June			Oz 3,390,681	CN\$ 8,000 Oz 5,217,162
				CN\$ 27,643,066,000

NOTES: 1) HK = Haikwan Tael
 2) CN\$ = Chinese National Dollar
 3) CRB = Puppet Central Reserve Bank Currency
 4) Oz = Ounces
 5) FRB = Puppet Federal Reserve Bank Currency.

TABLE II.- Showing the Amount of Silver Dollars in Circulation up to the End of 1935.

1. At the end of 1932 the number of silver dollars in circulation was as follows.	\$1,707,225,000
2. The number of silver dollars (coins) minted in 1933.	27,670,000
3. The number of silver dollars (coins) minted in 1934.	70,950,000
4. The No. of silver coins minted in the 1st. semester of 1935.	10,000,000
TOTAL	\$1,815,845,000

NOTE: This table is the combination of Page 108 and Page 116 of the "Recent History of Finance in China" written by a Japanese.

B.13.D.74.

TABLE III.- Showing the Differences between Exportation and Importation of Silver from 1930 to 1947, by weight (from Custom Reports after Conversion to Ounces).

<u>Year</u>	<u>Ounces</u>	<u>Year</u>	<u>Ounces</u>
1930	- 79,971,563	1939	+ 1,513,858
1931	- 54,238,627	1940	+ 12,931,873
1932	- 5,656,099	1941	+ 2,493,627
1933	+ 11,105,278	1942	+ 477
1934	+ 197,680,676	1943	+ 44,275
1935	+ 45,736,174	1944	- 4,296,244
1936	+ 192,209,926	1945	- 2,138,889
1937	+ 306,837,095	1946	- 18,724
1938	+ 60,735,880	1947-June	+ 8,607,843

TOTAL + 693,576,836

NOTES: (-) Means import excess
(+) Means export excess.

TABLE IV.- Smuggling in 1934.

\$391,400,000 or 301,378,000 ounces (\$1 = 0.77 oz) of silver were smuggled abroad in 1934, according to Page 128 of "The Articles of China's International Payments".

TABLE V.- Total Amount of Silver in China in 1930.

Kann had ascertained that China had at least 2,500,000,000 ounces of silver among which these were 1,700,000,000 silver dollars (Cf. Central Bank of China Monthly, May 1934).

TABLE VI.- Showing the Difference in the Importation and Exportation of Silver Coins from 1935 to 1947.

<u>Year</u>	<u>Importation</u>	<u>Exportation</u>	<u>Difference</u>
1935	10,996,768	37,215,818	+ 26,219,050
1936	4,710,903	232,932,763	+ 228,221,869
1937	594,880	396,479,158	+ 395,884,278
1938	372	79,068,143	+ 79,067,771
1939		1,787,418	+ 1,787,418
1940		16,794,640	+ 16,794,640
1941	2,600	3,245,360	+ 3,242,760
1942		620	+ 620
1943		57,500	+ 57,500
1944	21,500		- 21,500
1945			
1946		8,000	+ 8,000
1947		6,775,535	+ 6,775,535
		TOTAL	+ 758,037,932

B.13.D.74.

6

TABLE VII.- Showing the Amount of Banknotes Issued
for Buying Silver Coins from
1935 to 1936.

Amount of Banknotes issued up to December 1936.	\$1,167,804,000
Amount of Banknotes issued up to November 1935.	<u>542,965,000</u>
Amount issued in 1936.	\$ 624,839,000

As the average annual increase of note issue
during the years 1930 to 1935 was about
¥200,000,000; so the total amount of bank-
notes issued for the purpose of collecting
silver may be considered as

	624,839,000
	<u>- 200,000,000</u>
	424,839,000

NOTE: From Yu Chieh-liang's "China's New Currency
Policy". Page 220.

(End)

B.13.D.75.

U N I V E R S I T E L ' A U R O R E

- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dubail)
Tel: 85751

Topic:	A Review of Commodity Prices Since the Victory	Document No.: 75
Author:	Hong Chung-wu	Nature: Digest
Periodical:	The Oriental Review (Tung Fong Tsa Chih)	Number of pages: 11
Date of Issue:	Oct. 1947.	Remarks: Original title is: "The Problem of Commodity Prices at the Present Stage".

A REVIEW OF COMMODITY PRICES
SINCE THE VICTORY

Fluctuations in commodity prices may be due either to changes in the supply and demand of various goods, or to variation in the value of the currency in circulation, or to both. At present however, commodity prices in China are mainly affected by the monetary depreciation.

I.- Three Stages of Monetary Inflation
and Commodity Prices.

The monetary inflation in this country falls into three stages.

1. First Stage: July 1937-Dec. 1939.

The Government utilised currency inflation as a means to increase the purchasing power of the people by issuing more notes on the market. During this stage, all goods in stock were easily sold out, and production greatly improved. All idle capital and labour as well as equipment were fully utilised. The rise in commodity prices was not very great and the velocity of monetary circulation was lower than the rate of currency inflation. To obtain work was by no means difficult, and business in general was very prosperous. But this stage did not last long.

2. Second Stage: Jan. 1940-Aug. 1945.

On account of accelerating currency inflation, commodity prices rose to higher levels. The faster the increase of commodity prices, the more unbalanced was the national budget, the greater the note issue, the faster became the currency inflation, and commodity prices soared still further. The movement of currency inflation had become a vicious circle. Between December 1943 and August 1945, the rate of increase of commodity prices was 5:1 as compared with the rate of currency inflation (see Table 1 below). At that time, the amount of production possible with the existing technique and equipment had already reached its maximum, and no increase in capital or labour could do anything to increase it. Consequently, the growth of the output of goods lagged far behind the increase of currency issue. Commodity prices rose tremendously, and the rate of interest went up accordingly. As a

B.13.D.75.

2

result, the more rapid the turnover of capital, the larger was the profit realised, and on the contrary, the longer the period of production, the darker the prospect. Hence, agriculture became less lucrative than industry, industry than commerce, and commerce less profitable than speculation. In the arena of speculation, those equipped with great financial power always benefit substantially by a rise in commodity prices. Consequently, productive enterprises had to face depression while a sense of uncertainty prevailed throughout the country as the poor became poorer and the rich became richer.

3. Third Stage: Sept. 1945 up to the Present.

This stage has witnessed a striking change in the history of the inflation. At the time of the Japanese surrender, a golden opportunity for economic rejuvenation was actually offered to China. Her situation markedly differed from that of the war period:

- 1) The circulating zone of the legal tender expanded to the whole of China, so that currency inflation was less felt.
- 2) As the prosperous coastal areas were recovered, supplies of materials could more easily be obtained and sources of taxation were much enlarged;
- 3) Many wartime organisations of the Government could be dissolved, thereby reducing its expenditure;
- 4) China's US\$350,000,000 in the U.S.A. were unfrozen and two payments aggregating US\$550,000,000 were made by the U.S.A. for the expenses of American forces in this country so that the total amount of U.S. dollars at China's disposal reached 900,000,000. At the conclusion of the War, China had 3,500,000 ounces of gold in stock and took over 500,000 ounces from the puppet Central Reserve Bank of China. 1) In addition approximately CN\$1,000,000,000,000 worth of properties and materials were taken over from the enemy and the puppets 2), and US\$500,000,000 worth of relief goods scaling 2,700,000 tons were received from UNRRA 3). This enabled the Chinese Government to bring down price levels by selling gold, U.S. notes and materials and recalling currency notes to the vaults of the Central Bank;
- 5) The lifting of the coastal blockade made it possible for production tools to be imported; productive technique and also production itself were greatly improved.

For the above reasons, after V-J Day, there was even a drop in the commodity prices. Though currency inflation continued, the relative rise in prices slowed down. Towards December 1946, the ratio between commodity prices and note issue was only 2.3:1.

NOTES:

1) cf. "Present Finance and Legal Tender", by Yang P'ei-hsin, Wan Hui Pao, April 1st. 1947.

2) cf. figures issued by the Alien Property Administration as published in various newspapers on March 21st. 1947.

3) cf. report by the Director general of CNRRA, P.H. Ho, at the People's Political Council as given in various newspapers on May 28th 1947.

B-13.D.75.

3

TABLE I

Indices of Currency and Commodity Prices¹⁾
(June 1937-Aug. 1947)

<u>Time</u>	<u>Amount Issued</u> (Unit: US\$100, 000,000)	<u>Currency Issue</u> <u>Index</u>	<u>Commodity Price</u> <u>Index (last six</u> <u>months of 1937,</u> <u>100)</u>	<u>Commodity Price</u> <u>Index compared</u> <u>with Currency</u> <u>Issue Index (%)</u>
June 1937	14	100		
Dec. 1937	16	113	106.7	94.4
Dec. 1938	23	170	170.0	100.0
Dec. 1939	31	222	340.1	153.2
Dec. 1940	78	557	1,223.7	219.7
Dec. 1941	150	1,071	3,043.1	284.1
Dec. 1942	240	1,714	8,062.0	470.4
Dec. 1943	750	5,357	23,452.0	437.8
Dec. 1944	1,900	13,571	71,921.8	530.0
Aug. 1945	5,000	35,715	179,500.0	502.6
Dec. 1945	10,390	74,214	140,448.0	189.2
Dec. 1946	35,000	249,999	571,313.0	228.5
Apr. 1947	65,000	464,286	1,425,258.0	307.0
June 1947	99,000	707,143	2,993,071.0	423.3
July 1947	117,000	835,714	3,116,857.0	373.0
Aug. 1947	135,000	964,286	3,195,693.0	331.4

Unfortunately the influence of other factors soon began to be felt. The civil war raging with full fury caused tremendous devastation and damage to coal mines, railways and productive areas. Communications were handicapped and the transportation and sale of products were rendered difficult. A general depression prevailed. The ever increasing war expenditure engulfed the Government in financial distress, and made it necessary to have recourse to note issue, thereby once more launching the country into a vicious circle of inflation. As a result, fluctuations in commodity prices were very marked in 1947. If the price level of January 1946 is taken as basis, then in August 1947, the price of rice had increased 43 times, U.S. notes 27 times, gold 32 times and wholesale commodity prices 27 times.

1) NOTE: a. References for Amounts of Issue: - For 1937 to 1939, of "Outlines of Statistics of the Chinese Republic"; for 1940 to 1945, of article by Yang P'ei-hsin, Wen Hui Pao, April 1st, 1947; for 1946 up to April 1947, of the financial report by Finance Minister O.K. Yui on May 7th, 1947; for 1947, of article written by Dr. H.D. Feng, Chin Yung Jih Pao, August 22nd, 1947.

b. References for Commodity Price Indices: For the period before 1944, of "The Wholesale Commodity Price Index in Chungking" by Wong Chung-wu, Special Bulletin of Commodity Prices in Chungking, Vol. I & II, published by the Postal Remittance and Savings Bank; for 1945, of the Wholesale Commodity Price Indices in Chungking, compiled by the Central Bank; for 1946 and 1947, of the Wholesale Commodity Price Indices in Shanghai, compiled by the Central Bank.

B.13.D.75.

TABLE II

Monthly Price Indices Jan.1946 to Aug.1947 ¹⁾

Month	Gold	U.S.Dollars	Rice	General Commodities
1946:				
Jan.	100	100	100	100
Feb.	185	138	233	180
March	175	136	317	211
April	172	140	364	219
May	195	158	600	256
June	209	174	552	259
July	215	170	706	280
Aug.	226	197	688	300
Sept.	236	241	803	330
Oct.	247	290	753	346
Nov.	277	308	653	324
Dec.	370	396	702	383
1947:				
Jan.	418	449	765	468
Feb.	600	815	1383	866
March	630	813	1260	826
April			1670	1184
May			3420	1750
June			5010	2120
July			4720	2440
Aug.	(3174) ²⁾	(2663) ²⁾	4342	2671

II.- Reflections on the Government Policy in Fighting Against the Soaring of Commodity Prices.

As has been mentioned above, after V-J Day, in order to bring down commodity prices, the Chinese Government had much recourse to the so-called 'tightening of currency' policy, by selling gold, U.S. notes, alien and puppet properties as well as U.S. Army surplus materials and taking back U.S. notes from the people's hands. But so long as the Government had not a balanced budget, all such measures could be of little avail. We have merely to consider the budgetary position of the Government for 1946: the budget amount had been set at CN\$2,750 billion, but the actual expenditure reached 6,000 billion or 2.4 times the first estimate ³⁾. Further, in connection with this currency tightening policy, the Government has passed many erroneous measures whose evil effects may be cited below:

First, at the time when the Government tried to tighten the currency, it simultaneously promoted the policy of a low rate of interest among bankers. As a result, all depositors withdrew their money

NOTES:

1) from Cheng Yen Pao.

2) The figures in brackets are approximate. In January, 1946, the price of one ounce of gold was CN\$85,685 and of a U.S. \$ note CN\$1,470. The price of gold around August 1947 is here taken as CN\$2,700,000 and that of a U.S. \$ note CN\$39,000.

3) of. article by Chen Shao-pin, Ta Chung Pao, March 10th, 1947.

3.13.D.75.

from banks and either invested in speculation or passed it to 'underground' banks which escaping all Government control, paid high interest to absorb deposits and engaged in speculations and hoarding.

Secondly, when on account of large sales of U.S. notes by the Government, U.S. dollar quotations were kept to a very low level (see Table 3 below), no limitation was imposed on imports. The result was that the Chinese market was congested with cheap imported goods, which dealt a deadly blow to domestic industries.

Thirdly, after the Government had lost too much foreign exchange, it began to think of restricting imports. Consequently commodity prices soared still higher.

Fourthly, the selling of large quantities of gold and U.S. notes by the Government at low quotations greatly reduced its financial power. According to information from a reporter in Washington, China's foreign exchange sinking fund in January 1st, 1947 was only US\$50,000,000 ¹⁾. Though this information may not be reliable, yet the financial stringency of our Government at this time is out of question. When the Government could not sell any more gold or greenbacks, immediately the price of the latter rose, and commodity prices were also brought up. The country faced a most serious financial crisis known as the "gold and greenback rush".

TABLE III

Commodity Prices and Gold & U.S. \$ Quotations ²⁾
in the 1st Half of 1937 & on Jan. 15th. 1947

<u>Kind</u>	<u>Prices in the 1st. half of 1937</u> (CN\$)	<u>Price on Jan. 15th. 1947</u> (CN\$)	<u>Number of Times In- creased</u>
Rice (Shih Tan)	11.41	69,000	6,047
Flour (49 lbs.)	3.97	27,000	6,801
Cotton (Shih Tan)	45.0	157,000	3,488
Edible Oil (Shih Tan)	22.3	135,000	6,054
Coal (Ton)	22.7	750,000	33,039
Pig Iron (Ton)	109.6	2,400,000	21,917
Gold (Ounce)	115.0	373,250	3,246
1 U.S.\$	3.33	6,625	1,989

III.- The Gold & Greenback Rush and its Effect on Commodity Prices.

It is first to be noted that since the enforcement of the legal tender policy in China in 1935, the buying power of the Chinese dollar has been dependent upon its value as compared with foreign currencies. Hence the rise or fall in quotations of foreign exchange reflects directly the external value and indirectly also the domestic value of the Chinese legal tender. In a similar way, gold as a precious metal has also been serving as an instrument for measuring the foreign as well as domestic value of the Chinese currency.

NOTES:

- 1) cf. report by the Director General of CMRA, P.H. Ho, at the People's Political Council as given in various newspapers on May 28th. 1947.
- 2) From the financial weekly published by the Joint Head Office of the 4 government Banks.

B.13.D.75.

6

The term "gold & greenback rush" refers to the rapid soaring of the quotations of gold and greenbacks, which stimulated the rise in commodity prices. The main cause of this crisis already given at the end of the preceding chapter was accentuated by many other factors.

In December 1946, the quotation of the U.S. dollar once reached the height of CN\$7,700 and gold was at CN\$395,000 per ounce. Later the Central Bank sold out gold and greenbacks in huge quantities, and on the 23rd. of the same month the quotations began to drop, with gold becoming stable at CN\$340,000. The Chinese Lunar New Year came in the latter half of the month of January 1947. A bonus was given to workers by various factories in Shanghai, aggregating more than CN\$500 billion. The Government granted industrial loans to 314 factories, which amounted to 65.5 billion ¹⁾. At the same time the central bank issued new denomination notes of 250 and 500 Customs Gold Units totalling about CN\$390 billion as estimated from the number printed on the new notes ²⁾. Furthermore, as in many places, peace and order could not at once be restored, capital fled to Shanghai from the interior. In January and February 1947, about CN\$560 billion poured into Shanghai ³⁾. Therefore, loose capital suddenly increased on the Shanghai market, and the control of the Government over gold and greenbacks became weak. As a result, the price of gold exceeded 400,000 per oz. With one more huge selling by the Government, the soaring was temporarily checked. On the 4th of February, however, the price of gold reached 480,000, and on the 10th, the Central Bank suspended the selling of the metal. A great excitement reigned over the market. On the 10th and 11th gold rose by 200,000 daily and registered a maximum of CN\$940,000 on the 11th. The market thus became very chaotic and all gold shops and native banks suspended their business.

TABLE IV

Daily Quotations of Gold and U.S. Dollars-Jan.4th.to Feb.14th.1947.⁴⁾

<u>Date</u>	<u>Gold Quotations</u>	<u>U.S. Quotations</u>
Jan. 4th.	CN\$350,000 per ounce	CN\$ 6,500 per US\$1
6th.	358,000	6,500
7th.	360,000	6,300
8th.	364,000	6,250
9th.	370,000	6,400
10th.	382,000	6,700
11th.	374,000	6,700
13th.	368,000	6,500
14th.	372,000	6,700
15th.	378,000	6,600
16th.	375,000	6,600
17th.	386,000	6,600
18th.	384,000	6,500
24th.	413,000	
27th.	408,000	7,100
28th.	396,000	6,800
29th.	396,000	6,900
30th.		7,000
31st.	413,000	7,900

NOTES:

- 1) cf. report by the Supervisory Committee on the Gold and Greenback rush. A billion is here taken as 1,000,000,000.
- 2) cf. article written by Wang Szu-shu, Yen Hui Pao, April 23rd. 1947.
- 3) cf. Chin Yung Jih Pao, July 4th.1947.
- 4) From Chin Yung Jih Pao, July 2nd.1947.

9.13.1.75.

TABLE IV (Cont'd)

Date	Gold Quotations	U.S. Quotations
Feb. 1st.	CN\$410,000 par ounce	CN\$ 7,700 per US\$1
3rd.	446,000	8,000
4th.	480,000	8,800
5th.	495,000	8,800
6th.	491,000	8,800
7th.	535,000	9,400
8th.	592,000	10,400
10th.	700,000	14,000
11th.	940,000	18,000
12th.	830,000	15,000
13th.	710,000	14,000
14th.	730,000	12,000

Finally, Emergency Economic Measures were promulgated by the Government, prohibiting the circulation of foreign currencies, the buying and selling of gold and also speculation. The official rate of foreign exchange was readjusted to CN\$12,000 for US\$1 and the cost of living index was frozen, taking that of January 1947 as the maximum. As no effective control was laid on importation and at the same time no sufficient foreign exchange was supplied for necessary imports, the foreign exchange black market was still rampant. The Government wanted to call in all gold at the officially regulated price of CN\$480,000 per ounce, but did not succeed. As to freezing the cost of living index, there were many practical difficulties. Since the Government could not freeze the commodity prices, how could it peg the index? Hence, the effect of the Economic Emergency Measures could not be lasting. The following table shows commodity price levels before and after the Gold and Greenback Rush:

TABLE V

Fluctuations in Commodity Prices in Shanghai Before and After the Gold & Greenback Rush 1)

Name of Commodity	Feb. 6th. (10 Days before EEM 2)	Feb. 11th. (Peak of Rush)	Feb. 17th. (Day of Pro-mulgation of EEM)	Apr. 1st. (1st month after EEM)	Apr. 15th. (2 months after EEM)
Rice (Shih Tin)	CN\$ 86,000	CN\$ 140,000	CN\$ 120,000	CN\$ 107,000	CN\$ 144,000
Flour (Bag)	40,000	40,000	52,000	53,000	70,000
Edible Oil (100 Shih Chin 3)	190,000	300,000	235,000	287,000	350,000
Cotton (Szu Ma Tan 4)	250,000	580,000	520,000	650,000	930,000
Bituminous coal (Ton)	800,000	950,000	1,000,000	1,200,000	1,200,000
Pig Iron (Ton)	3,200,000	6,000,000	7,000,000	4,000,000	5,000,000
Steel (100 Shih Chin)	2,200,000	3,900,000	5,500,000	2,540,000	3,000,000
Cement (Barrel)	100,000	100,000	75,000	190,000	220,000

NOTES:

- 1) From the Financial Weekly.
- 2) EEM stands for Economic Emergency Measures.
- 3) 1 Shih Chin = 0.5 Agr.
- 4) 1 Szu Ma Tan = 41.34 Agrs.

B.13.L.15.

8

IV.- The Rice Rush and its Aftermath.

The year 1946 immediately after the conclusion of the war, witnessed a fair improvement in the food situation in China. During that year supplies of rice and wheat in this country totalled 1,367,163,000 Shih Tan, a little more than in 1936 (see Table 6 below), while after the protracted war, the Chinese population must have diminished. Therefore, it did not seem likely that there would be any shortage in food supplies in the following year 1947. Nevertheless the food problem, as we shall see, is far from being solved in 1947.

TABLE VI

Supplies of Rice and Wheat in 1946 1)
(Unit: 1,000 Shih Tan)

Year	Quantity of Production	Quantity of Import	Total
1946	1,357,532	9,631	1,367,163
1936	1,332,557	8,543	1,341,100
1935	1,296,589	36,347	1,332,936
1934	1,146,064	24,720	1,170,784

Military movement as well as conscription often compels farmers to give up farming, and inundations and droughts in many places create the fear of food shortage. According to newspaper reports in 1947, the harvest in the North Hopei was forecast at less than 50% of what it used to be and that in Shansi at only 30%. In June 1947, in Awangtung about 60 districts with 5 million inhabitants suffered from inundation. The same disaster befell several districts with a total of 1-1/2 million inhabitants in Kwangsi. Food shortage has been keenly felt in the Northeast and in many other war zones.

Furthermore, disrupted communications make it difficult to transport foodstuffs from producing centres to consumers in other places. The result is that food is very badly distributed and prices differ considerably in different localities. In the past, this country used to have organisations whose work was to adjust the supply and demand of foodstuffs in order to avoid serious price fluctuation. But this system was discarded long ago.

TABLE VII

Difference of Rice Prices in Various Places. 2)

Place	April 21st.	May 5th.	June 2nd.	July 7th.
Shanghai	CN\$ 176,000	CN\$ 270,000	CN\$ 410,000	CN\$ 445,000
Hankow	100,000	110,000	170,000	220,000
Chungking	108,000	98,000	130,000	---
Chungking	58,000	60,000	85,000	210,000
Woochow	176,000	209,000	500,000	450,000
Hanchow	185,000	---	380,000	---
Sian	305,000	400,000	490,000	500,000
Taiyuan	360,000	562,000	1,150,000	---
Peiping	277,000	570,000	705,000	1,050,000

NOTES:

- 1) Based on the estimates of the Central Agricultural Experiment Institute and Customs' reports.
- 2) from the Financial Weekly.

B.13.D.75.

9

Even in places located in the same province prices may be very different. This can be best illustrated by taking Peiping and Kaoyang both in Hopei.

TABLE VIII

Comparison of Foodstuff Prices in Peiping & Kaoyang 1)
(Unit: 1 Chin = 0.606 Kgr.)

Kind	Peiping		Kaoyang	
	April 1st.	May 1st.	April 1st.	May 1st.
White Flour	1,450	3,000	1,300	1,500
Rice	1,100	2,300	1,100	1,500
Millet	650	1,750	700	930
Edible Oil	3,300	7,000	4,000	4,200
Wheat	1,100	1,600	970	1,150

The fluctuations in the price of goods on account of shortage and bad distribution were accentuated by the continuous currency inflation. The Government carried on its note printing, and in April, the note issue index reached 4,600 times the pre-war volume (see Table I above). Furthermore, idle capital continued to flee to Shanghai; in March and April, it amounted to CN\$1,200 billion 2). As the Economic Emergency Measures could not stop or slow down the inflationary tendency, they were ineffective also in settling the economic problems. When idle capital was banished from speculation in gold and greenbacks, the sphere of its activities changed over to the hoarding of rice.

In April 1947, the price of rice rose tremendously, and cases of rice robbery were repeatedly reported in Wuhsi, Shaohsing, Hangchow, Wuhu, Hefei, Chich'i, Hsuan-ch'eng, Nanling, P'ucheng, Shanghai, Nanking, A'uenshan, Chengtu, Kuanshsien, Nankiang, Lungoh'ang, Tatsu, and other places, among which Wuhu and Wuhsi are famous for their production of rice.

As rice is a fundamental requisite of daily life, the lower the standard of living, the more important is the place which rice occupies on the consumers' budget. Consequently with the sharp soaring of rice prices, the masses suffer the most.

Therefore the Government felt compelled to unfreeze, the cost of living index. Wages were increased, and so was the cost of production, which eventually entailed a general rise in commodity prices. As the salary of officials was also readjusted, the Government was obliged to put out new notes, thus still further pushing up the price level. Then came the bad news that the long awaited 500 million US\$ loan had been cancelled. June 23rd, was the Dragon Boat Festival Day; general consumption increased considerably. The Government limited the amount of subsidies to the public utility enterprises, which were compelled to raise their charges. All these factors came in one after another to stimulate the soaring tendency of commodity prices, so that from April 16th, to the beginning of July, the general price level had increased two to three times.

Notes:

1) From the "Economic Struggle in the Central Hopei" Chin Yung Jih Pao, May 20th, 1947.

2) cf. Chin Yung Jih Pao, July 4th, 1947.

8.13.1.75.

10

TABLE IX

Fluctuation of Commodity Prices Before and
After the Rice Rush in 1947.
(Unit: in C.S.C.)

Name of Commodity	April 16th.	April 25th.	May 26th.	June 7th.	July 4th.
Rice(Shih Tan)	144,000	210,000	425,000	420,000	460,000
Flour (Bag)	70,000	75,000	145,000	125,000	117,000
Napa Seed Oil(Chin)	350,000	480,000	630,000	510,000	760,000
Cotton(Szu Ma Tan)	930,000	1,680,000		1,600,000	1,870,000
Bituminous Coal (Ton)	1,200,000	1,200,000	1,400,000	1,300,000	1,800,000
Pig Iron(Ton)	5,000,000	7,000,000	8,000,000	7,600,000	1,200,000
Steel(100 Chin)	3,080,000	3,740,000	5,720,000	6,050,000	7,400,000
Cement(Barrel)	220,000	400,000	450,000	450,000	560,000

Comparing the prices of June this year with those of one year ago, gold and greenbacks had been multiplied 15 times, rice, tung oil and bean oil ten times. Compared with ten years ago (1937), coal had increased 90,000 times, rice, cloth and silk about 50,000 times, gold 26,000 times, and greenbacks about 12,000 times.

TABLE X

Prices in 1937, June 1946 and June 1947 1)
(in CN¥)

Kind	First Half Year of 1937	June 1946	June 30, 1947	Index of Increase During the year	Index of Increase During the 10 years
Rice(Shih Tan)	11.2	47,667	490,000	10.3	47,350
Flour (Bag)	4.0	14,633	133,000	9.1	33,250
Bean Oil (100 Shih Chin)	22.3	62,000	740,000	11.9	33,184
Silk(Szu Ma Tan)	674.1	2,097,408	32,500,000	15.5	48,212
Tung Oil(100 Shih Chin)	46.1	70,000	720,000	10.3	15,618
Serge (Piece)	8.9	58,007	400,000	7.9	49,438
Sugar(100 Shih Chin)	16.0	98,000	580,000	5.9	36,049
Coal (Ton)	21.4	296,667	2,050,000	6.9	96,001
Gold (Ounce)	115.0	191,667	(3,000,000 ²)	15.7	26,087
1 U.S.\$	3.3	2,587	(40,000 ²)	15.5	12,121

NOTES:

1) For the first half of 1937 and June 1946, of. "The Statistics Semi-Annual Review" published by the Shanghai Municipal Government; for June 30, 1947, of. market quotations published by Cheng Yen Pao. For the quotations of gold and greenbacks for 1937, of. the Financial Weekly, and those for 1946, the Statistics Monthly.

2) Black market quotations.

3.13.D.75.

11

+ + +

The facts given above show clearly that the fluctuation in commodity prices is mainly due to currency inflation. At present, the domestic value of the Chinese legal tender is only 1/32,000 of the pre-war value, and the external value is only 1/12,000. The seriousness of the situation can no longer be neglected.

We therefore suggest that the efforts of the Government be directed along the following lines:

1. Effort to balance the Budget and to make it public in order to win the confidence of the people;
2. Covering of extraordinary expenditure by extraordinary means, such as special taxes, but not by issuing more notes;
3. Carrying out of planned production and systematic distribution of raw materials and products required and yielded by various production units and the ensuring of reasonable profits to producers;
4. Enforcing a rationing system so as to hold off the extra capital from the too few goods.

(End)

8.43.0.76.

U N I V E R S I T E L ' A U R O R E

- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dubail)
Tel: 85761

Topic:	Velocity of Monetary Circulation in China	Document No.: 76
Author:	Hsu Chien-p'ing	Nature: Translation
Periodical:	Central Bank of China Monthly (Chung Yang Yin Hang Yueh Pao)	Number of pages: 7
Date of Issue:	Oct. 1947.	Remarks: Original title is: "Velocity of Monetary Circulation and Loose Capital". Only the first part has been translated.

VELOCITY OF MONETARY CIRCULATION
IN CHINA

In normal times the velocity of circulation of money is generally constant. But in times of currency inflation, especially in a period of hyper-inflation, we have to take into account the increasing rate of velocity of the circulation. For when everyone is anticipating an appreciation or a rise of prices two kinds of monetary change are likely to develop. First, the money originally hoarded is set free to buy commodities and services, and this contributes to further raising of prices 1). Secondly, the velocity of circulation is bound to go up. This increase of velocity is equivalent to an increase of the currency actually circulating, and similarly the money set free from hoarding increases the speed of circulation.

The first of these two kinds of monetary change, relative to the money set free from hoarding, should not be overlooked in the beginning of a period of rising prices. But after the prices have continually risen for a certain length of time, it can almost be disregarded, especially when the stage of vicious hyper-inflation is reached. In such a period the money originally hoarded has already been spent on the market and no one cares to hoard money anew. Therefore, although shortly after victory, when the bear psychology prevailed, some hoarding of money may have taken place, we can leave aside the question of money hoarding, when we study the volume of money in actual circulation during the latter part of the war and the post war period.

- 1) NOTE: For instance, the volume of money is 100 units, 10 units of which are hoarded. Thus, there are only 90 units in actual circulation (assuming that the velocity of circulation is disregarded). Now if the volume of money is increased or inflated by 10 units, resulting in a popular anticipation of a rise of prices, the money originally hoarded will begin to circulate. Apparently the volume of money increases to 110 units from 100 units. But in reality it is equivalent to increase to 110 units from 90 units. Therefore, an increase of the volume of money by 10 units may bring about a rise of 12% instead of 10%.

7.15.2.86.

But the change in the velocity of circulation is a problem that requires careful study, as it is one of the main reasons why at present, the rate of the rise in prices exceeds that of the increase in the volume of notes issued by the Central Bank.

I.- The Present Increase of Velocity of Circulation.

Theory $P = \frac{MV + M'V'}{T}$ according to the equation of the quantitative theory, the rate of the rise or fall of price P is

equal to that of the increase or decrease of the currency in circulation $MV + M'V'$, if we assume that the volume of trade T is constant, and it inversely corresponds to that of the increase or decrease of the volume of trade, when the amount of currency actually circulating is constant.

Though figures relative to the speed of currency circulation are not available, yet sample statistics relating to the speed of circulation of the deposit currency (the current deposits of different banks) in Shanghai have been made by the Economic Research Bureau of the Central Bank from the data available this year. At present, such statistics have been made out up to, and including, the month of May. From 200 commercial banks both modern and native, 30 banks were chosen at random, to which have been added one provincial bank and one municipal bank, making a total of 32 units. By dividing the monthly total debits of current deposit accounts in these 32 banks by the average of the balances of their current deposit accounts on the 10th, on the 20th and at the end of the month a quotient is obtained which represents the velocity of circulation of the month:

January	19.77
February	24.63
March	21.32
April	22.57
May	33.90

The table shows that the velocity of circulation in January this year was low in comparison with the other months. This may be due to the fact that there were less business days in January. The prices rose rapidly in February and circulation accelerated. But in the latter part of the month it was influenced by the Emergency Economic Measures, and slowed down accordingly in March and April. Thereafter, in May the velocity of circulation again increased greatly.

1) EDITOR'S NOTE:

M: Amount of money in circulation.

V: Velocity of monetary circulation.

M': Amount of deposits.

V': Velocity of circulation of deposits.

B.13.D.76.

3

If the figures above represent faithfully the velocity of circulation of the deposit money of the commercial banks in Shanghai, it is really appallingly high when we remember that, according to similar statistics for the United States, during the year 1929 when the velocity of circulation was at its peak, the monthly average in New York was only 10.37 1).

Figures concerning individual banks in Shanghai are still more suggestive. We find two of them in which the velocity of circulation reaches the following record:

	<u>A Certain Modern Bank</u>	<u>A Certain Native Bank</u>
January	127.7	68.9
February	177.5	120.1
March	86.3	59.7
April	78.6	65.4
May	150.4	121.7

The lowest velocity of circulation, as reported in two other banks, also far exceeds the normal:

	<u>Bank A.</u>	<u>Bank B.</u>
January	8.1	10.9
February	13.5	12.9
March	8.8	11.8
April	7.0	11.4
May	12.3	17.1

1) NOTE: The yearly velocity of circulation of the deposit currency in the commercial banks in the United States for a period of years is reproduced as follows:

<u>Year</u>	<u>Whole Country</u>	<u>New York</u>	<u>Year</u>	<u>Whole Country</u>	<u>New York</u>
1919	35.0	59.9	1931	33.2	54.7
1920	35.4	60.0	1932	27.3	37.6
1921	32.6	54.9	1933	26.8	34.8
1922	34.2	61.8	1934	26.3	31.1
1923	34.1	65.5	1935	24.9	31.1
1924	34.4	66.5	1936	34.7	32.2
1925	36.4	71.9	1937	27.7	30.0
1926	37.7	77.8	1938	21.6	25.7
1927	41.0	85.3	1939	20.2	22.0
1928	46.8	106.3	1940	18.5	17.6
1929	53.6	124.4	1941	19.4	18.0
1930	40.4	77.0			

The specially high speed of circulation in the United States in 1928 and 1929 respectively was due to the frenzied speculation. But when compared with the present speed of circulation in Shanghai, it is far behind.

B.13.D.76.

3

If the figures above represent faithfully the velocity of circulation of the deposit money of the commercial banks in Shanghai, it is really appallingly high when we remember that, according to similar statistics for the United States, during the year 1929 when the velocity of circulation was at its peak, the monthly average in New York was only 10.37 1).

Figures concerning individual banks in Shanghai are still more suggestive. We find two of them in which the velocity of circulation reaches the following record:

	<u>A Certain Modern Bank</u>	<u>A Certain Native Bank</u>
January	127.7	68.9
February	177.5	120.1
March	86.3	69.7
April	78.6	66.4
May	160.4	121.7

The lowest velocity of circulation, as reported in two other banks, also far exceeds the normal:

	<u>Bank A.</u>	<u>Bank B.</u>
January	8.1	10.9
February	13.5	12.9
March	8.8	11.8
April	7.0	11.4
May	12.3	17.1

1) NOTE: The yearly velocity of circulation of the deposit currency in the commercial banks in the United States for a period of years is reproduced as follows:

<u>Year</u>	<u>Whole Country</u>	<u>New York</u>	<u>Year</u>	<u>Whole Country</u>	<u>New York</u>
1919	35.0	59.9	1931	33.2	64.7
1920	35.4	60.0	1932	27.3	37.6
1921	32.6	54.9	1933	26.8	34.8
1922	34.2	61.8	1934	26.3	31.1
1923	34.1	65.5	1935	24.9	31.1
1924	34.4	66.5	1936	34.7	32.2
1925	36.4	71.9	1937	27.7	30.0
1926	37.7	77.8	1938	21.6	28.7
1927	41.0	85.3	1939	20.2	22.0
1928	46.8	106.3	1940	18.5	17.6
1929	53.6	124.4	1941	19.4	18.0
1930	40.4	77.0			

The specially high speed of circulation in the United States in 1928 and 1929 respectively was due to the frenzied speculation. But when compared with the present speed of circulation in Shanghai, it is far behind.

3,12,2,76.

It should be noted however that these statistical cannot be taken as representing the condition of the country as a whole for several reasons:

- 1) The speed of circulation in Shanghai is higher than in any other place, as Shanghai owing to its Stock Exchange is the center of speculation in the country.
- 2) In the above statistics current deposits in the Government banks which are usually several times as much as those in the commercial banks are not included ¹⁾. Moreover, as the Government banks do not practise the "immediate credit" system which is to be discussed later, the velocity of circulation of current deposits in the Government and the commercial banks combined should be lower than that of the deposit currency in the commercial banks alone.
- 3) Our sample statistics only deal with the deposit money (M¹) as there is no way to find out the velocity of circulation of currency (M) itself.

II.- Influence Exerted by "Immediate Credit".

The acceleration of circulation, is undoubtedly due to the popular attitude of anticipating rises in prices. In Shanghai, bull speculations in shares, gold bars and U.S. notes have been exerting great influence on the speed of circulation.

1) NOTE:

Year	Month	<u>Volume of Current Deposits</u> <u>in the Govt. Banks of the</u> <u>whole country</u>	<u>Volume of Current</u> <u>Deposits of the</u> <u>commercial Banks</u> <u>of the whole country</u>
------	-------	---	--

(Unit: CN\$1,000,000,000)

1946	January	605.8	71.0
	February	683.8	77.5
	March	717.6	105.7
	April	1,208.1	177.4
	May	1,299.0	186.5
	June	2,436.1	212.1
	July	3,185.7	273.2
	August	3,089.2	288.2
	September	3,607.2	341.9
	October	3,203.0	369.4
	November	4,421.0	431.9
	December	5,012.3	462.7
1947	January	5,160.3	542.0
	February	5,017.6	678.6
	March	5,025.9	1,008.8
	April	4,984.8	1,341.7

Deposits in Government banks are based on the statistics of the Joint Head Office of the 4 Government Banks and include those of Central Bank, Bank of China, Bank of Communications, Farmers' Bank and the Postal Remittance and Savings Bank. Deposits in the commercial banks both modern and native are based on the statistics given by the "Auditing Department of the Central Bank".

B.13.D.76.

5

It may be said that such an anticipating psychology affects the velocity of circulation in a speculative market to the highest extent and the velocity of circulation of money in the wholesale commodities market in a lesser degree while the money in the hands of the consumers for consumption purposes is comparatively the least affected. Owing to the rapid soaring in prices during and after the war, the speculative market and the wholesale commodities market have found it inconvenient to use cash and use checks instead. Therefore the velocity of circulation of deposit currency must be higher than that of cash (4).

According to the statistics given above, the rate of velocity of circulation of the deposit money in an individual bank in one month exceeds 100 times and that the sample commercial banks combined exceeds 30 times. Such a phenomenon cannot develop in a city where a sound clearing system prevails. For under the clearing system, when a depositor lodges checks with a bank other than the drawee bank or bank of payment, such checks must go through the clearing process which takes place once a day in the clearing house, before credit is given for them. Therefore the monthly velocity of circulation of deposit currency, at any rate cannot exceed the number of working days which is 26 in a month. If it has reached nearly 34 times in Shanghai the cause is to be found in the "immediate credit" system adopted by the banks here as also in Chungking and other large cities.

The so called "immediate credit" system means that credit is given for checks even before they are actually collected. When a depositor of bank A deposits a check drawn by another against another bank, the bank A, on the system of immediate credit for such a check, allows him to draw a new check against the face value of the deposited check. In other words, the depositor presents a check drawn by some one else which, before going through the clearing house, becomes at once his current deposit subject to check. Therefore with the "immediate credit" system, the velocity of circulation can be increased to the greatest extent.

Of course, a depositor does not automatically get the privilege of "immediate credit". He has to obtain the permission of the bank and theoretically the bank does not grant this privilege to every depositor. But inasmuch as such a system exists in Shanghai, it would be difficult to attract deposits especially in the case of small sized banks, new established banks and native banks in general, if such a privilege were refused.

Of course, banks of long standing with good business are rather reluctant to give "immediate credit", and the Government banks in particular do not accord such a privilege at all to their depositors.

The influence of the "immediate credit" system on the velocity of circulation can be illustrated by the following comparative table. This table gives, on the one side, the average velocity of circulation of the deposit currency of the commercial banks in Shanghai (as given above) and, on the other side, the average velocity of circulation in the Government banks which do not grant the "immediate credit" privilege.

	<u>Average for all Banks in Shanghai</u>	<u>4 Government Banks</u>
January	19.77	12.03
February	24.63	12.47
March	21.32	12.68
April	22.57	13.37
May	33.96	18.07

B.18.D.76.

Of course, the existence of the "immediate credit" system is due to the demand of the market, but the demand, in most cases, does not come from concerns with proper business activities, as on the average the monthly turn over of their capital can hardly be more than 30 times. Thus, in general, such firms do not request immediate credit for their checks. Those who want such a system of "immediate credit" are really speculators buying and selling on a very small margin of profit on the wholesale commodities market and on the Stock Exchange, as the turn over of their capital has to be very fast in order to ensure more substantial gains.

III.- Velocity of Circulation, Volume of Trade, and the Present Day Prices.

The fact that the rate of the rise in prices exceeds that of the increase in the volume of money can be partly explained by the increase in the velocity of circulation.

For instance, the volume of money before the war, according to a number of authorities, consisted of 1,400 million dollars in bank notes and 1,400 million dollars in current deposits making a total of 2,800 million dollars. Meanwhile, it is estimated that the velocity of circulation of money before the war was 2 times per month. The volume of currency in April this year consisted of 6,970,000 odd million dollars in bank notes and 6,300,000 odd million dollars in current deposits, making a total of 13,300,000 odd million dollars, about 4,750 times what it was before the war. But the price index in Shanghai for April 1947 was 14,250 times and in Chungking for the same month 5,020 times what it was before the war. If we assume that the average price index of the whole country was 12,000, then the rate of rise in prices will be 2.5 times that of the increase of the volume of money.

In the light of the formula $P = \frac{MV + M'V'}{T}$, the excessive rise in price is either due to an increase of the velocity of circulation by 2.5 times supposing no change has occurred in the volume of trade, or to a decrease of the volume of trade by 40% if the velocity of circulation has remained unchanged, or to a slighter decrease of the volume of trade accompanied by a certain increase of the velocity of circulation.

According to common sense, the volume of trade must have decreased, and statistics indicate that the velocity of circulation has increased. But since we have no accurate data in either case, no reliable estimate can be made. If the figures for April are used here as an example it is simply because the volume of note issue up to the end of April has been made known to the public by Minister of Finance Yu. The volume of note issue as stated above is the volume actually issued minus that in the vault of the main and branch offices of the Central Bank. If the above figures are reliable, though the velocity of circulation of $M + M'$ per month in the whole country has increased in a certain measure it cannot be over 5 times (or equivalent to 2.5 times what is used to be before the war), otherwise the volume of trade T would have increased, which cannot be accepted according to common experience. On the other hand, the volume of trade must not have been reduced by more than 40%, otherwise the velocity of circulation would be even lower than it was before the war, which is not in keeping with the statistics given above.

B.13.D.76.

7

Therefore, assuming on the one hand, that the velocity of circulation has increased and on the other that the volume of trade has decreased, assuming at the same time that before the war, the velocity of circulation was 2 and the volume of trade was 1, the relationship between the increase and the decrease of the two factors may be shown as follows:

Velocity of circulation	5	4.5	4.0	3.5	2.5	2.0
Volume of trade	1	0.9	0.8	0.7	0.5	0.4

In other words, if there is no change in the volume of trade, the velocity of circulation per month will be 5. If the volume of trade decreases by 1/10, the velocity of circulation will be 4.5. If the volume of trade decreases by 2/10, the velocity of circulation will be 4. If the volume of trade decreases by 3/10, the velocity of circulation will be 3.5. If the volume of trade decreases by 4/10, the velocity of circulation will be 3. If the volume of trade decreases by 5/10, the velocity of circulation will be 2.5. If the volume of trade decreases by 6/10, the velocity of circulation will be 2. If the volume of trade decreases by 7/10, the velocity of circulation will be 1.5. If the volume of trade decreases by 8/10, the velocity of circulation will be 1. If the volume of trade decreases by 9/10, the velocity of circulation will be 0.5. If the volume of trade decreases by 10/10, the velocity of circulation will be 0.4.

However, it must be pointed out that the conclusion that the velocity of circulation cannot be higher than 5 (2.5 times what was before the war) is based on the following four figures:

- 1) The volume of currency before the war; 2,600 million dollars.
- 2) The average velocity of circulation in the whole country per month, which was 2 before the war.
- 3) The present (April) volume of currency, which is 13,300,000 million dollars.
- 4) The present (April) price index number: 12,000 times what was before the war.

Though the first and the second of these figures have frequently been cited by economists, nothing indicates that they are absolutely reliable. The third figure does not include the deposit currency of the Central Trust Corporation and the Cooperative treasuries. As to the fourth figure, it is still more questionable, because we have the price index numbers of only two cities, and any average price index of the whole country based on the figures of only two cities is rather arbitrary; at most, such an average is only an approximation. Moreover, there are at present two kinds of price index numbers, namely the price index number of the basic commodities compiled by the Economic Research Department of the Central Bank and the index number of the wholesale prices by the China Institute of Economics. The former is lower than the latter. For example, with regard to the price index for April 1947 for Shanghai, the former gives 14,252 times and the latter, 22,161 times. The former uses the first half year of 1937 as the basic period, while the latter uses 1936. We use the index numbers of the Central Bank here, because the Central Bank compiles at the same time the index numbers for Chungking, while the China Institute of Economics only prepares index numbers for Shanghai. In view of the above, our conclusion that the monthly average velocity of monetary circulation in the whole of China cannot exceed 5 times, can only be considered as approximate.

However, in comparing this seemingly accurate average velocity of monetary circulation for the whole country with the velocity of circulation of currency deposits in Shanghai, we are led to a sure conclusion: that the commercial banks in Shanghai have been a most effective instrument for helping to increase the volume of effective currency, for stimulating price soaring and for facilitating speculation and hoarding. Thus it is no wonder that the price level in Shanghai is higher than that in any other place in the country, and that capital from interior China flows to Shanghai, causing the economic depression of the interior.

(End)

U N I V E R S I T E L ' A U R O R E

- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dubail)
Tel: 85761

Topic:	Cash Margins on the Stock Exchange; Idle Capital and Black Market Transactions.	Document No.: 77 Nature: Translation slightly condensed Number of pages: 7
Author:	Liu Kuang-ti	Remarks: Original title is: "Speaking of Cash Security for Deferred Delivery". Subtitles are not in the original.
Periodical:	Stock Exchange Review (Cheng Ch'uan Shih Ch'ang)	
Date of Issue:	Nov. 15th. 1947.	

CASH MARGINS ON THE STOCK EXCHANGE;
IDLE CAPITAL AND BLACK MARKET

Since the introduction on the Shanghai Stock Exchange, on Nov. 14th. 1946, of transactions with deferred delivery, there have been several different rulings concerning the amount of the margin. At first it was fixed at 30% of the total transaction; 10% to be paid in cash and the other 20% in securities quoted on the market. Later, a written guaranty from a bank, modern or native, was accepted in place of the securities; while in the middle of May 1947 the Ministry ruled that the 20% not paid in cash should be covered by U.S. dollar Bonds. This move was unwelcome to the brokers and a compromise was temporarily reached, by which the 20% could be paid in U.S. dollar Bonds or in cash or in both. Finally the Ministries of Finance & Economics, carrying out an order from the Executive Yuan, notified the Security Exchange that from July on the margin was fixed at 50% of the total transaction, payable in cash only.

The object of the following article is to examine the effects on the Stock Exchange of this last reform, now four months in force; and the nature of the troubles it has brought in its train and finally to present some suggestions towards a remedy.

I.- The Experience of the Past Four Months.

During these months the outlook has remained dark, while there has been a great increase in commodity prices, the situation has been gradually becoming more grave, and security quotations, against general expectation, have shown a singular tendency towards depression. Calculating from the first week of July as the basic period, the commodity price index of the 3rd. week in October was 239%, a rise of nearly 150% while the security quotation index reached 122.4%, a rise of 25% only (see Table I below). Thus there is no longer any correlation between these indices.

TABLE I

Stock Quotation and Commodity Price Indices

<u>Period</u>	<u>Index of Commodity Prices</u>	<u>Index of Stock Quotations</u>
July 1947		
1st. week	100.0	100.0
2nd. "	101.6	115.6
3rd. "	103.8	106.9
4th. "	103.3	88.1
5th. "	104.8	88.7
August 1947		
1st. week	104.4	85.9
2nd. "	102.3	81.1
3rd. "	109.5	84.6
4th. "	116.0	93.6
September 1947		
1st. week	121.8	94.2
2nd. "	129	90.7
3rd. "	137	86.2
4th. "	148	97.2
October 1947		
1st. week	164	99.9
2nd. "	196	111.7
3rd. "	239	122.4

A study of the total volume of business transacted in the Stock Exchange, the debit balances of inventory accounts and the amount of the cash margin, will reflect the prosperity or depression of the security market.

TABLE II

Volume of Business Transacted, Debit Balances of Inventory Accounts and Amount of Cash Margin

(Daily Averages. Unit: CN\$1,000,000,000)

<u>Period</u>	<u>Volume of Business Transacted</u>		<u>Debit Balances</u>	<u>Cash Margin</u>
	<u>Total</u>	<u>Daily Aver.</u>	<u>Daily Aver.</u>	<u>Daily Aver.</u>
1946:				
Nov.	180.0	6.9	--	1.82
Dec.	276.5	10.6	4.89	2.58
1947:				
Jan.	238.5	9.6	6.19	3.28
Feb.	990.9	41.3	20.40	10.25
Mar.	1.952	78.2	48.29	24.75
Apr.	3.404	130.8	126.09	41.04
May	4.717	174.7	126.44	65.28
Jun.	2.719	118.2	91.03	35.07
Jul.	2.823	112.2	86.14	29.66
Aug.	2.055	82.3	38.64	20.36
Sep.	2.423	93.1	32.86	17.17

B.13.D.77.

3

Then, using June 1947 as basic period, let us ascertain the recent amounts and fluctuations of transactions with deferred delivery and corresponding debit balances:

TABLE III
Volume of Deferred Transactions and
Corresponding Debit Balances

<u>Period</u>	<u>Deferred Transactions</u> <u>Index</u>	<u>Debit Balances</u> <u>Index</u>
1947:		
Jun.	100.0	100.00
Jul.	91.7	58.73
Aug.	61.7	39.43
Sep.	66.8	33.08
Oct.	85.0	34.6

II.- Absorption of Idle Capital & Stabilisation
of Commodity Prices.

The original aim of the Government in ordering the formation of the Stock Exchange was to absorb idle capital, to stabilise commodity prices and to increase revenue. Our study shows that the increase of the cash margin has made the realisation of this aim impossible. After the coming into force of the Emergency Economic Measures, in February 1947, idle capital flowed into the security market, bringing it to an unprecedented boom which attracted public attention. Some feared that this prosperity of the security market would react on commodity prices and therefore asked the Government to strengthen its control on the Exchange, forgetting that a security market is purely competitive. Unlike the commodity market and the gold bar and U.S. note market, where control is difficult, in the security market an order from the Government can easily produce either a negative or a positive effect. The 50% cash margin requirement was certainly aimed at preventing speculation and absorbing idle capital, with a view to lessening its effect on commodity prices; but to judge from the last four months it merely led to increased speculation on securities in the black market. Idle capital withdrew from the regular security exchange and commodity prices rose even more rapidly, on account of the inflation.

The security market, as we have said, performs the function of absorbing floating funds, whose volume may be gauged by the amount of the cash margin received each day on the security exchange. According to the statistics, in May, when the cash margin required was only 10%, the average cash margin daily realised by the exchange amounted to more than 65,000 million dollars. But when the cash margin requirement was increased to 50% the amount of cash margin collected dropped rapidly. In July the average daily cash margin receipts were 29,000 million odd dollars, a decrease of more than 50%. This decrease continued through the next three months; though commodity prices registered the highest level of the year in September and October the volume of security transactions showed little increase and the cash margin receipts dropped almost to the level it had held before the Emergency Economic Measures were enforced in mid-February. This shows that the increase of the cash margin from 10% to 50%, far from absorbing a greater amount of idle capital has in fact lessened the receipts from cash margin.

13.1.77.

In another article we analysed the effect of security prices on commodity prices over a period of years, concluding that the basic cause of the rise in commodity prices is unbridled inflation. Unless inflation ends there is no way of limiting the rise of prices. To maintain that commodity prices can be stabilised merely by forbidding speculation and restricting the rise of security prices is to apply the wrong remedy, with detrimental results. Our analysis shows no example of a rise in commodity prices being due to a rise in security prices; the facts witness that on several occasions the rise in commodity prices has stimulated a rise in security prices. According to the statistics, from the first week in September to the end of the third week in October commodity prices rose 200% while security prices remained far behind, with a rise of only a little more than 20%.

III.- Stock Quotations and the Real Value of Assets.

It may be asked whether the present inertia of security prices is not merely a reaction from their former abnormal rise. To gauge whether the rise in security prices is abnormal or excessive, it should be compared with the real value of the assets of the issuing company and its condition of profit or loss. In a period of currency inflation the value of the assets of a factory increases daily. At the moment we have no reliable detailed estimate but from available data it is safe to say in general that the prices of securities sold on the Exchange have not exceeded the real value of the assets of the issuing companies. For instance the quotation of the highest security registered, the Wing On Cotton Mill, has risen by 20 times since the opening of the Exchange last year, while its assets amount to about CN\$2,200,000,000,000 and on the basis of 6,000 million shares, each share should be worth about \$370. Calculating the value of the shares in terms of U.S.\$ at black market rate, when the exchange opened last year Wing On Cotton Mill had a value of U.S.\$0.0054, on the basis of recapitalisation. This was estimated as being close to the real value. Its value lately has been U.S.\$0.0038, or about 70% of the price when business opened last year. The quotations for Wing On Cotton Mill show the highest rise in terms of legal tender; but compared with the rise in price of either gold bars or U.S. notes it still lags behind; therefore the rise in the quotations for other shares must be still further behind.

If the market quotation of the shares does not exceed their real value, as we are assuming, the fact that the rapid rise in commodities prices has failed to stimulate the price of securities can only be explained by the withdrawal of idle capital from the security market, after the increase of the cash margin in July, and the resulting increase in the activity of the outside black market.

IV.- Predominance of Bearish Activity on the Black Market.

As the activity of the outside black market can only affect the volume of transactions on the Exchange, there is still need to explain the decline in quotations of stock. For several months the predominance of a bearish trend has made any improvement in the price of shares impossible; and it is difficult for the bulls to be active, since they are practically helpless outside the exchange, where they may fail at any time and must

B.13.D.77.

5

proceed with great caution. If the cash margin rises too high the bulls within the Exchange, if their capital is not large, find themselves in difficulties and may be forced over into a bearish trend. The price of securities cannot rise while the buyer market is in a state of collapse.

At present the main difference between the two markets is that in the commodity market only bulls can be active, while in the security market one can not only buy long but also sell short, so that bearish speculation is possible. It is especially profitable to sell short outside the Exchange, for the following reasons:-

- 1) No capital is needed, as the cash margin is at most 25% to 30%, and even this need not be paid if one knows the owner.
- 2) If for instance Wing On Cotton Mill is used as the object of direct trading, the unit for trading is not fixed but may vary from twenty thousand shares to more than 10 million.
- 3) There is no fixed date of delivery; transactions can be closed at any time or delivery may be postponed indefinitely.
- 4) A bear receives interest, while the bull has to pay it. If the quotation drops the bear receives not only interest but also the difference in price.

A concrete example may make these advantages clearer. Suppose that on Oct. 15th, A. sold 100,000 shares of Wing On Cotton Mill at \$320 and received an interest of 25% or 25% of a dollar; and B. bought the same number of shares at the same price, paying an interest of 30%. We may calculate their respective profit and loss in three different cases: a declining, a stable and a rising quotation.

- a) In the black market interest is calculated on the closing quotation of the Wing On Cotton Mill for spot transactions in the forenoon on the Exchange. Price difference is calculated on the closing quotation for spot transactions in the afternoon. If on Oct. 15th the forenoon closing quotation was \$320 and the afternoon \$300, the respective profit and loss of A & B on the first day would be as follows:

- 1) A's profit from interest = $32,000,000 \times 25\% = 8,000,000$.
A's income from price difference = $32,000,000 - 30,000,000 = 2,000,000$.
A's total profit (with no cost incurred) = \$10,000,000.
- ii) B's loss on interest = $32,000,000 \times 30\% = 9,600,000$.
B's loss on price difference = $32,000,000 - 30,000,000 = 2,000,000$.
B's total loss = \$11,600,000.

If the quotation continues to decline, bears will make a very considerable profit; but the greater their profit the more difficult it is for the security prices to improve.

- b) If the quotation remained stable and interest outside the exchange remained constant, which in fact never happens, there would be no question of difference in price but A would receive about \$8,000,000 a month in interest and B would have to pay interest of about \$9,600,000 per month.

B.13.D.77.

6

- c) If at the end of a month, the transaction not yet being closed, the quotation of Wing On Cotton will rise from \$320 to \$400, A might not suffer any loss, since his interest of 6 to 8 million dollars would cover his loss on the difference in price. But B would risk heavy loss since although he gains \$80 per share from the difference in price, he has to pay interest varying from 8 to more than 9 million dollars.

The example just worked out makes clear that the basic advantage in such transactions lies with the bear, who can take advantage of every opportunity to sell short. As long as there is no steady rise in quotations direct trading in the black market is far more favourable to bears than to bulls. The Stock Exchange has thus to face the fact that it is almost impossible to strengthen or improve its security prices as long as the black market continues to exist. This is a great obstacle to the development of the capital market, since it discourages regular investors and those who buy securities in order to maintain the purchasing power of their money.

All this explains why since the increase of the cash margin, selling activity in the black market has contributed to the depression of security prices. Not only has such activity increased from day to day but even on the Exchange it has become more profitable to sell short than to buy long. The 50% cash margin is the same to both bull and bear, but its actual effect on each is different, since the bear has in hand a certain quantity of spot goods which can be used for immediate transfer while the bull cannot use securities in lieu of cash payment but must deposit the 50% cash margin. In passing the law requiring this 50% cash margin, legislators were not actuated by any bias in favour of bears, yet in actual effect it lays a much heavier burden on the bulls.

V.- Radical Change Needed.

The above analysis points to the necessity of a reform of the trade in securities to bring it into line with the present economic situation; and given the importance of maintaining the Stock Exchange, to the necessity of keeping up active business in order to absorb idle capital. If these objects are to be realised it is important that the following two points should be brought out:

- 1) The question of the cash margin for deferred delivery transactions should be reconsidered;
- 2) Direct trading outside the Exchange should be stopped and all trade brought within the Exchange.

There is nothing to prevent both these points being carried out simultaneously; but from an economic standpoint the former is simpler and more effective. If the cash margin can be reduced to bring it into line with present needs, or if some elastic measure is adopted, giving the heads and the supervisors of the Shanghai Exchange power to adjust the cash margin to the needs of the moment, we believe that not only will trade within the Exchange resume its activity and draw idle capital back there; but also the trading outside will be directed back into the Exchange.

It may be objected that any reduction of the cash margin will tend, as it did in 1921, to the encouragement of speculation and finally to a collapse of the trust companies and the Exchange. Naturally this is quite against the desire of the Government. As we have said, the cash margin must have elasticity, being

B.13.D.77.

7

adjusted to the needs of the changing situation. 1921 is not an exact analogy and its collapse need not be repeated. In that year there were more than 140 exchanges in Shanghai alone, with neither a centralised control nor any uniformity of method; while now the organisation is uniform and control is comparatively easy. Secondly, in 1921 the trading was in unsound and unqualified shares, while today shares are subject to strict examination before they can come on Exchange. Thirdly the exchanges of 1921 lacked the support of large amounts of idle capital and so finally came to a collapse; while the present Exchange is surrounded by a steady flow of floating funds, so that it is even threatened with an inundation.

The policy with regard to the Exchange needs a radical change to meet the changed situation and we need not fear a repetition of the 1921 depression. The first and most urgent step is to reconsider the question of the cash margin for delayed delivery.

(End)

B.13.8.XII.

U N I V E R S I T E L ' A U R O R E

- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dubail)
Tel: 85761

The Draft for a New Commercial
Registration Law

STUDY NO.: XII
Number of pages: 7

Articles digested and combined
in this Study:

- "Opinions on the Projected Commercial Registration Law", Editorial, Shen Pao (Shanghai), Oct. 1st, 1947.
- "A Second Discussion on the Projected Commercial Registration Law", Editorial, Shen Pao (Shanghai), Oct. 7th, 1947.
- "Essential Points of the New Draft of the Commercial Registration Law", Information, Ta Kung Pao (Shanghai), Oct. 14th, 1947.
- "Views on the Project of the Commercial Registration Law", by Ch'ien Jen-lin, the Lih Hsin Monthly, Oct. 15th, 1947.
- "Draft of the Commercial Registration Law", the Lih Hsin Monthly, Oct. 15th, 1947.

THE DRAFT FOR A NEW COMMERCIAL
REGISTRATION LAW 1)

The fact that it is already more than ten years since the promulgation of the Commercial Registration Law actually in force (June 28th, 1937) ²⁾, makes it clear that many of the provisions should be revised in order to cope with the changing circumstances. It is therefore gratifying to learn that the Ministry of Economic Affairs has recently published a projected revision of the Commercial Registration Law and invited all concerned to air their opinions and suggestions. It has been reported that before being made public this new draft had been given a careful joint examination by the Ministries of Economic Affairs, Finance, Social Affairs and Judicial Administration and that consent and appreciation were unanimously expressed. Indeed the Draft actually combines all the detailed provisions of the present Law and Application Rules and furthermore contains many improvements. The innovation of the Chapter on commercial businesses operated by foreigners, especially, answers an urgent need of the times.

EDITOR'S NOTES:

1) For a full translation of the Draft of the Commercial Registration Law, see Annex XXVI of this Bulletin.

2) The Application Rules were promulgated on May 19th, 1938.

B.13.S.XII.

8

Nevertheless, an attentive reading of the whole text of the draft indicates that its clauses still contain a good number of inconsistencies and faults of which the main ones will be discussed below.

I.- On the Compulsory registration System.

A free registration system was originally adopted in Chinese legislation. This may be observed from the fact that the Commercial Registration Law does not contain any provision which can serve as a basis for the setting up of compulsory registration. The system of compulsion which is now being imposed, took effect from an ordinance issued by the Ministry of Economic Affairs in the year 1943. Whether this changing of the law by a simple ordinance is legal, is greatly in doubt. Now the new draft clearly introduces the compulsory system and thus leaves the above legislative deficiency.

Since the main purpose of commercial registration however, is to protect the right of trade names, it should be the affair of the merchants themselves to decide whether they need such protection or not. Once the registration is made obligatory with all its prescribed time limits and penalties, instead of contributing to the welfare of the business men, it may become a nuisance to them.

When explaining the new draft, the government authorities claim that the compulsory system will enable the Government to exert a reasonable control over all commercial businesses and to lead them along lines of normal development. Here we must ask whether registration is indispensable to Government control and the normal development of commerce, or whether without registration the above purposes can be served equally well. As we know, the means of Government control at the present moment are simply the establishing of ceiling and arbitrary prices, and the suppression of speculation and hoarding. It is clear that any order concerning such controls is meant for all merchants, i.e. both registered and non-registered firms will equally be made to obey, and registration has therefore very little to do with the enforcement of controlling measures.

Some may think that unless commercial businesses are obliged to register, the Government have no real insight into the conditions of commercial circles, and as a result will find it difficult to formulate measures compatible with actual circumstances. In other words if they promote compulsory registration, it is for the purpose of procuring statistical data concerning commerce which will serve as reference materials for policy making. This seems to be a good idea. But it must be remembered that the average merchants dislike compulsion and adopt a supine attitude towards all obnoxious legal procedure. Not even strict enforcement and rigid compulsion under penalty could drag many of them into doing anything. Let us illustrate this with a few instances: According to the law, business firms of any trade are under strict obligation to join their own trade association, failing which penalties will be inflicted. Yet if we look around we may marvel at the great number of business firms which simply ignore this rule. In an analogous manner, the law imperatively demands that all workmen should join their industrial guild. Yet, many workmen still obstinately keep away from any such association. Finally, let us consider the effectiveness of the Economic Ministry's ordinance of 1932, making commercial registration obligatory. When in 1945 this compulsory system was first put into practice in Shanghai, the city was systematically divided into several sectors in order to facilitate its enforcement and a time limit was prescribed for the completion of registration by all commercial businesses. Time and again business men were exhorted to collaborate with the authorities and reminded of the imperativeness of the provision. Two years

B.13.8.A11.

3

have elapsed, the time limit has been prolonged again and again; but up to the present, only about sixty thousand commercial firms in Shanghai have registered. In other places and especially in districts in the interior the Ministry's ordinance has gone largely unheeded. Even the district governments themselves which are in charge of carrying out compulsory registration, are preoccupied with other matters far more urgent and important and find little time to see to its enforcement. It may therefore be seen how it seems to be a mere dream that government authorities should secure complete and thorough commercial statistics through the practice of compulsory registration.

In view of the above, instead of burdening the merchants with all the troubles and penalties of a compulsory registration in a rather unsuccessful attempt to facilitate administration, government authorities will be much wiser if they themselves engage in some research work and compiling of statistical data. In this connection, the following case may be advanced as a good example to be followed by government authorities. In 1940, several institutions in Shanghai grouped themselves together to sponsor a general investigation of labour conditions. For that purpose printed forms were sent to various factories and qualified persons sent to explain how to fill them in. Nearly the whole work was done by the sponsors who tried to give the factories as little trouble as possible and thereby won their hearty collaboration. All that the factories were requested to do was to state the facts. Later the sponsors sent people to collect the forms, on which they based their statistics and from which they drew their conclusions. It is said that the results thus attained were very satisfactory.

II.- Problems Arising from the Use of the Same or Similar Trade Names.

1. The use of the same or similar trade names in different districts or municipalities.

According to the present Commercial Registration Law, with the exception of company organizations which have the exclusive right of using their trade name throughout the country, all individual ownerships or partnerships can monopolise their trade names only within their own district or municipality. The same idea is maintained in the following clauses of the new draft: "No commercial business shall use a name identical with or similar to that of another commercial business already registered, in the same municipality or district, and engaged in the same type of business" (Article 21, - 1st paragraph); and "When a registered commercial business or Company founds a branch store or Company in another municipality or district, if in that municipality or district there exists another store or Company which bears the same or a similar name and operates the same type of business, except where the provisions of Article 20 1) apply, the name

1) EDITOR'S NOTE: Full text of Art. 20 of the draft reads:
"If a commercial business which has already been registered in accordance with this Law, reorganises itself into a Company, and if it has been using its registered name continuously and without interruption within a municipality or district for more than ten years, counting from the date of registration, then the restriction imposed by Article 20 of the Company Law shall not apply; but neither the principal nor the branch office of the Company shall move outside the municipality where it was originally located, unless its name is first changed".

The Company Law mentioned in the above provision was promulgated on the 12th of April 1940 and in Art. 20 lays down: "Companies engaged in the same type of business, no matter whether or not they are of the same class or whether or not they are within the same province or municipality or locality, shall not use the same or similar names".

2.12.3.XII.

of the branch store or Company shall be preceded by the name of the place where the principal store or Company is located, and words shall be added, to make clear that it is a store or Company (Article 28). Nevertheless to our surprise we find the following wording in the first paragraph of Article 22 of the same Draft: "If a name the same as or similar to that of another commercial business already registered, is used for illegitimate competition, whether in the same municipality or district or not, the persons interested may request the competent authority to prohibit its use; if they have sustained any damage therefrom, they may further ask for damages". The contradiction between this provision and the others cited above, is evident. Therefore unless the traditional legislative principle is to be changed, this clause of Article 22 should be cancelled.

2. Applications for registering the same name or similar names for several firms.

When several commercial firms apply for registration of the same trade name or similar trade names, the following two solutions are both reasonable and either of them may be accepted: to grant approval to the applicant who first used the name, or to the one who first sends in an application. Regarding this problem, the 1st paragraph of Article 24 lays down: "If within one year after the enforcement of this Law several commercial businesses founded before its enforcement make separate application to the competent authority of the same municipality or district for the registration of the same name or of similar names; then the one whose use of the name within the municipality or district was earliest and has been uninterrupted, shall be allowed to register it. If before the application (the name) had never been used by any one of them, or if it cannot be proved who was the first to use it, then the one who first sends in an application, shall be allowed to register it..." Since the Draft gives preference to the 'earliest user' and the so-called 'separate application' used in the above provision presumably means that applications were submitted on different dates, one question remains to be answered: Suppose that within one year after the enforcement of the Law a commercial firm founded before its enforcement, applies for registering a trade name, and the competent authority not being cognizant that there exists in the same municipality or district, another firm also founded before the enforcement of the Law and which used the same or a similar name earlier than the first applicant, allows him to register. If later, but also within one year after the enforcement of the Law, the actual 'earliest user' of the same or of a similar name, submits documentary evidence proving that he really first used it and applies for registration, will the competent authority cancel the first registration and allow this second applicant to register? A clear decision regarding this case should be inserted into the revision leaving no room for future doubts and disputes.

Article 25 of the Draft lays down that if several commercial businesses, founded after the enforcement of this Law, all apply on the same day for the registration of the same or similar names with the competent authority of the same municipality or district, they shall be ordered to reach a mutual agreement to let one of the commercial businesses use it, and then only shall the registration be allowed. As it often happens that in such a case none of the applicants is willing to yield, thus making all agreement impossible, it would be wiser to give preference as in the other instances cited above to the one whose use of the name was earliest.

Concerning the period of the use of a trade name by an applicant, the following provisions of the Draft are rather inconsistent with each other: In Art. 23, it is laid down that if one firm has used a name continuously for TWO YEARS before the

B.13.8.XII.

enforcement of the Law, but subsequently to such use the same or a similar name has already been registered by another commercial firm doing the same type of business, then the firm shall, in registering its name, add a distinguishing mark. On the other hand, the 2nd paragraph of Art. 24 runs: "If the various commercial businesses which separately apply for registration as mentioned in the preceding paragraph, have all been using the name or names for more than THREE YEARS without interruption, they shall all be allowed to register; but each shall add a distinguishing mark." Since the two provisions deal with a similar case, it seems that the period provided in the 2nd paragraph of Art. 24 should also be reduced to two years only.

III.- Restrictions on registration.

According to Article 6 of the Rules governing the application of the Commercial Registration Law, commercial business as referred to in the Law must not be against public order or good morals. In other words, provided a commercial business neither disturbs social order nor perverts customs and usages - which condition is rather vague, and provided it further carries out all the required procedure, it will readily be allowed to register. It may therefore be said that in practice there is very little restriction on registration. The new Draft pays no attention to restrictions on registration either. However when we study the actual circumstances nowadays, we cannot but be convinced that a certain degree of limitation is indispensable in some particular cases. For, as we are all aware, what actually induces registration is not at all legal compulsion, but the temptation of good profits. When in a peculiar type of business applicants for registration suddenly increase, we may be very sure that it is either because that particular business has become unusually lucrative or because the Government has announced that goods are going to be allocated to business firms of that category. Take for instance the case of rice shops in Shanghai: their number is now over four thousand. The competent authorities of the city frown at this excessive number of rice merchants and are anxious to restrict the founding of new rice shops. Yet when new applicants fulfil the too easy conditions prescribed by the law, on what clause can the authority base a refusal?

Other examples are more scandalous: There exist at the present hour many undesirable firms solely engaged in speculation or cheating. Among others there are unnecessary enterprises which undertake to manufacture luxury articles, and instruments of gambling. When these businesses apply for registration in full conformity with the Law, no objection can be raised by the registering office. We may therefore come to the conclusion that if government authorities want to ensure a more normal development of trade, they should do it by laying down certain lawful restrictions on commercial registration, but not through indiscriminate and unrestrictive compulsory registration whose shortcomings have already been stated above.

IV.- Some Practical Suggestions for Improving the Application of the Law.

1. Simplifying of registration procedure.

Apart from the above inconsistencies and faults contained in the new Draft of the Law, which ought to be rectified, some small suggestions may be put forward with a view to smoothing the way for a successful application of the law.

P.13.S.XII.

6

Nowadays when government administration is slow and troublesome, efforts should be made to simplify as much as possible all procedures for registration. It is especially desirable to avoid unnecessary repetitions. For instance, when a Company has been registered according to the Company Law, since its trade name has already been well established, and is entitled to legal protection, it should be exempted from further applying for a commercial registration. The same exemption should be granted when any firm has secured protection for its right of trade name according to other laws or ordinances. Thus, when a pawnshop has registered and obtained its licence in conformity with the proper regulations, it should not be asked to register again. Also, to save the time of the merchants, once the commercial registration has been completed, instead of asking them twice for the statement of the same facts, all taxing offices should get into contact with the commercial registering authority and acquire copies of its records.

2. Classification of different types of business.

In laying down what the term "commercial business" refers to, the new Draft gives up the old system of enumerating different trades, but following the suit of the Company Law, confines itself to giving a simple definition. "A commercial business" as mentioned in this Law shall refer to all enterprises operated for the purpose of making profits, but shall not include specialised professions of a technical nature (Article 1). When we go on to Article 21 - 1st paragraph, "no commercial business shall use a name identical with or similar to that of another commercial business already registered in the same municipality or district and engaged in the same type of business", we may press a perplexing question: what is to be considered as the same type of business, and what is not? or in other words, how are we to classify and demarcate various types of business? For instance, it seems natural that transactions in chemical raw materials are the business solely of merchants of chemical raw materials. Yet pharmacies and dyestuff shops often concurrently deal in such goods. If you say that these two kinds of shops are engaged in the same type of business as merchants of chemical raw materials, they will argue that they do not deal in the same goods and that they belong to quite different guilds. So, they cannot be accused even if under the pretext of doing another line of business, they actually engage in the same transactions as another registered shop whose trade name has been stolen by them. Unless a clear classification and demarcation of the different types of business is made the application of the Law will be greatly hampered. Nevertheless, in view of the varied conditions in different sectors of the country, a uniform classification is by no means commendable. It will be better to confide the task to the various local competent authorities who will base their decision upon local actual circumstances and submit it to the Ministry of Economic Affairs for confirmation.

3. Founding of more offices for registration.

The new Draft follows the Law actually in force in providing that the competent authority for commercial registration shall be the district government in a district and the municipal government in a municipality. In the case of a municipality which does not cover a very wide area, where commercial firms are concentrated and communication facilities are numerous, it is not too inconvenient to come and go several times in making arrangements for registration. The case of a district is entirely different: apart from its small city, it easily stretches to hundreds of miles, shops are usually scattered in all sectors and transportation facilities are lacking; if the registration must be made with the

B.13.S.Aff.

7

district government, the merchants will have to travel for days before they can arrive at the centre, and the aggregate sum of all the travelling fares in daytime, and expenses of lodging in inns at night will be several times higher than the registration fees. In order to avoid such inconvenience, the municipal government should be allowed to entrust the work of registering to sub-district authorities.

4. Services to facilitate registration.

At first sight, all the details of procedure of commercial registration including filling blanks of various forms, securing the certificate, paying fees, etc., appear to be quite simple and easy. But people who are not familiar with the law and who are not accustomed to fill in forms, may be at a loss as to what to do first and how to do it correctly. Even in a great commercial city like Shanghai, where merchants are supposed to be of better than average commercial education, they often have to pay specialists to carry out the registration procedure for them. Knowing this, the Bureau of Social Affairs has issued measures allowing guilds to undertake to register on behalf of their members. Similar steps may be taken by other district or municipal governments. It would be specially helpful if information and writing services could be set up inside every registering office to give all necessary guidance and to fill in forms on behalf of applicants against the charging of a small fee.

5. Cancellation of the time limit for completing the commercial registration.

Let us finally consider the time limit set down by the Draft for completing commercial registration. Article 41 provides that all commercial businesses which had not been registered before the enforcement of the Law, shall within one year after its enforcement apply for registration of establishment according to the provisions of the Law. This prescribed time limit is evidently too short. For as has already been mentioned although compulsory registration has been in force in Shanghai for two years, an optimistic estimate places the percentage of commercial firms registered in the city at only about 66%. What about the great number of districts covering more extensive areas? Furthermore, once a time limit has been laid down in the Law, it becomes an imperative provision. If commercial firms are still not registered at its expiration, they will become illegal. The various local competent authorities will be no less responsible, since they have not made enough exertion to enforce the Law. It would therefore be better not to set down any time limit in the Law itself for the completion of all commercial registrations, but to leave this to the discretion of the various local administrations.

(End)

B.13.8.XIII

U N I V E R S I T Y L ' A U R O R E

- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economic Chinese)

280 Chungking Nan Lu (Dubail)
Tel: 85761

Chinese Reactions to the Reopening of
Private Trade with Japan.

STUDY NO.: XIII
Number of pages: 11

Articles and reports digested and combined
in this Study:

- "Reopening of Japanese trade vis-a-vis China's economy",
Ta Kung Pao Editorial, June 21, 1947.
- "Statistics on sino-Jap barter since 1946", Ta Kung Pao,
July 2, 1947.
- "On the reopening of private trade with Japan", by Shou
Ch'in-wen, New China magazine, August 1, 1947.
- "Reopening of Japanese trade and China", by Hsieh Shuang-
chiu, Sin Wen Pao, August 8, 1947.
- "Opinions on the project relative to the reopening of
private trade with Japan", by Chu Szu-huang, Bankers'
Weekly, August 22, 1947.
- "The Taiwan-Japan trade previewed", by Chang Jen-fei,
Ta Kung Pao, August 27, 1947.
- "Our view of reopening Japan's private trade", by K'ang
Yung-jen, Century Review, August 30, 1947.
- "A thorough examination of the Sino-Japanese trade problems",
by Liu Lih-chai, The Economics Weekly, September 25, 1947.
- "Taiwan-Japan trade project, by Chan Sha-chou, Chin Yung
Jih Pao, September 28, 1947.

(Continued in the note on page 7)

CHINESE REACTIONS TO THE REOPENING OF PRIVATE TRADE WITH JAPAN

The announcement of General MacArthur on the reopening of private trade with Japan has been received with strong opposition in Chinese industrial and business circles. From their standpoint the General's unilateral declaration not only lacks maturity but is inopportune, since many problems concerning the Japanese war reparations and the convocation for the Peace Treaty are still being vehemently discussed among the Allies.

The reaction of the Chinese Government has been less definite. On the one hand the Government has voiced its agreement with MacArthur's declaration and on the other it appears to be leaving the entire matter to the choice of the people. Meanwhile official circles are inclined to consider the reopening of private trade as an opportunity for price stabilization in China by providing the country with a large amount of commodities.

B.13.8.XIII

2

As far as the Chinese people at large are concerned they object to the plan for reasons more political than economic. The argument is always the same, however it may be dressed up: it is feared that China will soon become the easy prey of Japanese products even on her own markets. This view is widely held throughout the whole nation and especially by such powerful organisations as the National Industrial Federation, the Native Manufacturers Union, the Mechanical Industrial Union and the Shanghai Chamber of Commerce, so much so that the equivocal policy of the Government has been strongly criticised even by high ranking members of the Control Yuan, of the People's Political Council and of the National Economic Council.

Meanwhile barter transactions between China and Japan 1) channelled through SCAP have been current since 1946 and projects are already laid out on the same lines for a year to come.

I. Progress of Government Action.

On July 31 this year, before the Central Political Meeting, The Kuomintang Party approved three principles relative to the reopening of private trade with Japan, namely:

- i) A Trade Mission to Japan, pending approbation from the Executive Yuan, should leave the country before the 15th. of August;
- ii) Types of commodity for trade with Japan should be strictly specified;
- iii) Articles pertaining to Japanese war reparations should not be regarded as goods for trading purposes.

Similar principles were also approved before the National Affairs Meeting which took place on August 1st.:

- i) (the same as above)
- ii) The varieties and volumes of imports and exports in the future trade with Japan should be carefully chosen and examined so that they would have a favourable influence on Chinese economy 2);
- iii) Articles and goods required for China should be provided as far as possible through war reparations.

Following the decision taken by the National Affairs Meeting, the Ministry of Economic Affairs was ordered to create a "Committee for Directing Private Trade with Japan" which was inaugurated on August 13th. in Nanking. Members of this Committee, presided over by the Minister of Economic Affairs, are Government representatives from the Ministries of Foreign Affairs, of Communications and of Finance, as well as of the National Resources Commission, the National Economic Council and the Central Trust Corporation. Four consultants are also designated to the Committee two of whom are Government members representing the Export Promotion Board and the Import Control Board respectively while the other two represent the National Federation of Chambers of Commerce and the National Industrial Federation.

1) See Appendix I.

2) See Appendix II. Articles temporarily authorized for trade between China and Japan.

3:13.5.AIII

3

The number of delegates in the Trade Mission has also been fixed: five for the Central Trust Corporation, two for the overseas trading associations and thirteen for other private trading organizations. They were in principle to leave for Japan in turn for a period of twenty one days each.

After these preparations, the Government asked for the submission of a list of delegates during the following ten days, beginning August 22nd. But not a single one has yet been proposed by commercial and industrial circles. In order to break this negative attitude, the Ministry of Economic Affairs made a strong statement stressing that the reopening of private trade with Japan would be strictly limited to articles of first necessity to China and that in any case imports of Japanese cotton yarn and fabrics would be banned. This does not seem, however to have had any influence on the opposition.

II.- Widespread Uneasiness Among the Businessmen and People of China.

The reasons brought forward by the Chinese people and by business circles against the reopening of private trade with Japan are multifarious, but two main ones are the basis of their unfavourable attitude toward the overtures of the Government, first, the fear of directly or indirectly helping Japan to recover her former aggressive power; secondly the fact that owing to the orientation of the Chinese and Japanese industries their products cannot but compete against each other not only in the Pacific islands, the South Seas and the Malay states but also on the Chinese market itself.

While China would gladly receive a large inflow of Japanese goods which might be useful to speed up her own postwar development, she is anxious to see that if her products are shipped to Japan they are strictly limited to those needed for the satisfaction of peace time requirements. Special care should be taken, for instance that Chinese coal and iron are not exported in such quantities as to help Japan again to develop her metallurgical enterprises.

Progress in the productive capacity of Japan and the exports already existing are being followed up with anxiety, as well as the provisions of the Trade Project recently publicized by the Japanese authorities. From this point of view, a Chinese journalist has carefully listed the articles whose production was partially or completely suspended during the war but is now being resumed, for foreign markets:-

Items	Jan. 1947	Feb. 1947	1946 Monthly Average
Sewing machines	2,470	2,815	1,379
Watches	14,261	18,467	11,629
Clocks	78,904	81,457	45,594
Cameras (including X-ray)	1,269	3,827	12,100
Binoculars	1,602	1,448	3,144
Microscopes	242	285	237
Cement (Unit: 1000 met. tons)	82	74	77
Window panes (Unit: case, of 100 sq. ft. per case)	59,286	47,666	62,370
Plate glass (case)	1,570	1,733	985

B.13.S.XIII

another journalist points out that in the project alluded to above, Japan expects to ship 5,000,000 electric light bulbs to China in 1947. The Japanese estimate the consumption in the South China provinces at 100,000,000 bulbs; 6,000,000 in Taiwan; 5,000,000 in the Northeastern Provinces and 6,000,000 in Korea. Similarly large numbers of alarm clocks and watches are provided for in the Japanese project and, according to various sources, have already arrived in Hongkong to be smuggled into the Chinese territories. The same is reported for Japanese sea products, the same again for porcelains, chinaware and safety matches..

Rather disheartening comparisons are made between tea production in China and in Japan in 1946: 90,000 tan or 10% of her prewar standard for the former against 45,541,160 lbs or 35% of the prewar quantity for the latter; and the fact is emphasised that in September last some 1,000 tan of Chinese-styled green tea were shipped from Japan to North Africa. Again the 8,930 quintals of Chinese silk exported to the United States in 1946 are contrasted with the 54,000 quintals sent by Japan to the same country during the same period.

To show how exports from China to Japan can help the latter to recover her former markets it is mentioned that salt shipped from China has allowed Japan to increase her production of caustic soda and to foster her glass industry which had manufactured some ¥ 69,400,000 worth of glassware for export by the end of May 1947 some ¥ 3,400,000 worth of which has been sold in Hongkong and the South Pacific Islands.

Finally the Chinese authors underline several disadvantages connected with the problems of exchange, wages and scarcity of raw material in this country:

- i) Since future transactions will be calculated on a basis of U.S. dollars of which China is still in great shortage, it seems ridiculous to spend them on inferior Japanese products instead of importing larger quantities of goods from the United States which are far better suited to Chinese industrial needs. Moreover, it is very doubtful if China will be able to develop her trade with Japan under the present exchange control regulations.
- ii) As long as the real cost of production is disregarded by the SCAP authorities, China will be handicapped owing to the cost of labour which in Shanghai is between seven and eight times higher than in Nagasaki.
- iii) It is pointed out that China cannot make use of her finished products in exchange for Japanese goods but can only furnish Japan with raw materials of which she is herself suffering a great shortage after so many years of war and natural calamities. Would it not be more sensible for her first to supply her own people and industries?

III.- The Case for Chinese Cotton Fabrics.

The most debated question is the influence of the reopening of private trade with Japan on the Chinese cotton textile industry which is considered as the only one able to compete with the Japanese on foreign markets.

Let us review briefly the pros and cons of the whole affair.

P.13.S.XIII

5

In 1946 China sold some 10 million yards of cotton cloth to Singapore via Hongkong, Canton and Shanghai. In 1947, according to official sources, 3,013,600 yards of cotton fabrics were shipped in January and 8,007,300 yards in February to Singapore from the Chinese ports alone. Another 1,705,500 yards and 4,685,000 yards were exported in February and March respectively from Hongkong making a total of 17,000,000 yards sold to Singapore during the first quarter of this year. Since April, export of cotton goods to Malaya from China has been low as a consequence of Japanese infiltration on the South Seas market. In the early part of the year, the China Textile Development Inc. received Government instruction to sell 20% of its total output to South Pacific and Far Eastern countries in order to acquire much needed foreign exchange for China. But this was not done without hindrance as Japanese goods could be bought at far lower prices than the Chinese products, as shown in the following quotations:

	<u>Chinese</u>	<u>Japanese</u>
Cotton cloth(fine per yd:	US\$0.23-\$0.30	US\$0.11-\$0.26
Cotton yarn(20's) per bale.	US\$330	US\$300

The first batch of Japanese cloth arrived at Singapore in May 1947 with a total of 12,000,000 yards. Immediately it reacted upon the prices for Chinese cloth, which dropped sharply from \$70 to \$50 (Strait Settlement Currency). Following the arrival of the second batch of Japanese cloth (1,000,000 yards) in August, the Chinese cloth market dropped to the same level as the Japanese. Similar reactions took place in Siam where reportedly, Japan had shipped 12,000,000 yards in July and 13,000,000 yards in August, and also in the Philippine Islands which received 2,500,000 yards in August from the same source.

On the home market, Japanese cloth penetrated into the coastal provinces through smuggling. According to Ta Kung Pao¹, it was being sold in Kiangsu, Chekiang and Fukien at unusually low prices. It has been predicted that Japan's exports during 1947 will fairly reach US\$99,280,000 40% of which will be cotton yarns, cotton goods and fibre products.

The more optimistic consider that the infiltration of Japanese cotton yarn and cotton goods into China could be stopped by a protective tariff, on the condition that adequate measures are taken against contraband. In this respect, the people are urged to collaboration and patriotism. As to the large outflow of Japanese cotton yarn and cotton goods to Malaya where there is a huge demand for these materials, Japan is not yet in a condition to supply all the demands there and therefore, China may still maintain her share in these fields if her textile industry is furnished with sufficient raw materials, electric power and a reasonable foreign exchange system.

1) Chang Shou-shih: "The reopening of Japanese private trade and textile fabric markets in South Pacific Islands", Ta Kung Pao (Shanghai), October 24th, 1947.

B.13.6.XIII

6

Actually, the Chinese cotton textile industry is endeavouring to save the situation by every possible means such as the plantation of native cotton, the increase of spindleage and the solving of technical and labor problems. China has been relying for the raw materials that she lacks, on the import of foreign cotton. According to a recent report,¹⁾ there is a shortage of some 2 million tan (133,333 lbs. per tan) of native cotton this year for the Chinese mills. Meantime, the Ministry of Agriculture and Forestry is encouraging an increase of cotton acreage and output, in the hope of regaining the prewar standard of 60,000,000 mow (1 acre=6 mow) and 25,000,000 tan within 3 years. As far as spindleage is concerned, it is hoped that within five years China will have 7,000,000 spindles of which she possesses only 4,500,000 at present. It is hoped that the China Textile Development Inc. and the "Ching Wei" Company will reach a regular output of 100,000 spindles within three years and the rest are to be provided through import.

The reopening of private trade with Japan will also affect the China silk project which was under discussion with the Americans during the war. It will no doubt hold up the barter of China silk for American cotton as previously planned, since Japan will be the main supplier of raw silk to the USA. The General's attitude toward the maintenance of the Japanese silk industry is clearly marked both by the failure of China's request for the Japanese machinery and accessories to rebuild her silk industry and by the proposed Japanese production of 35,000,000 lbs. by 1951.

As to the woollen industry, the collaboration of Australia with China as previously planned has been changed over to Japan on the recommendation of USA.

IV.- Gloomy Prospects for Taiwan-Japan Trade.

In a recent project drawn up by Taiwanese business circles it was proposed that food dealers should export brown sugar and potato starch against Japanese fertilizers and candies against condiments and candy machines. The fisheries would also sell sea products against fishing equipment and vegetable and fruit growers their own products against farm tools, seeds and fertilizers.

Recent experience however is not very encouraging. For instance a recent arrangement for selling 12,000 tons of bananas to Japan early in February was called off as SCAP would not approve any payment exceeding US\$ 0.06 per lb. which was lower than the market price in Taiwan itself; similarly, a sugar deal was suspended because against the proposal of US\$ 0.40 per lb. made by the Taiwan Sugar Corporation, SCAP was only willing to pay US\$ 0.15.

Moreover, many Chinese consider that Taiwan should be isolated from Japanese influence. Extremists have even suggested forbidding Japanese people to enter the island again. Some suggest a compromise in order to do business with Japan in Taiwan and they propose that all Taiwan imports from and exports to Japan should be carried through Shanghai. Of course this would increase the cost of transportation, but they say that the main burden would fall on the Japanese.

Whatever may be decided in this respect many insist on the fact that owing to the slow recovery of her productive capacity Taiwan cannot afford large scale exports to Japan. The island is self-sufficient for rice but should it have any surplus it

1) Shen Pao, December 7, 1947.

B.13.S.XIII

7

would certainly be used for military consumption. Although a production of 300,000 tons of sugar is expected by 1948 this will not be enough for the consumption of China Proper. The surplus of coal amounting to 50,000 tons is now employed for supplying Shanghai and export to Japan is forbidden. The production of cement does not yet cover the needs of Taiwan and Chinese authorities consider as disadvantageous in the long run any export to Japan of caustic soda, hydrochloric acid and bleaching powder of which the island produces a big surplus.

Imports from Japan to Taiwan are equally problematic. To give a few instances, it is estimated that Japan being in need of fertilisers for herself is not in a position to supply Taiwan's requirements. The cigarette market of the island has already been taken up by America. The required machinery which now may be obtained through war reparations will later on most probably be replaced by American makes and the railways of China Proper have a definite priority for all sleepers available from Japan. This being so imports from Japan will have to be limited to a few items such as preserved and salted fish, cotton and woollen materials, canned goods and gunny bags.

+ + +

The discussions are still going on and the Chinese businessmen still delay their departure for Japan. Meanwhile it is reported that Chinese products intended for Japanese consumption are gradually being replaced by foreign ones and the trading center has moved over to Hongkong instead of Shanghai. Large quantities of Japanese luxuries banned by the Chinese Customs have been rushed to Hongkong from where they are being smuggled into the Chinese mainland and over half of the present Chinese exports to her former enemy are also smuggled into Hongkong before reaching their final destination...

(See next pages for the Appendix I & II)

NOTE: Articles and reports...." Continued from page 1.

- "The reopening of the Japanese trade and its influence on China's economy", by Li Yung-t'ing, The Banking Information, October 1947 issue.
- "Japanese industries for exportation", China Industrial Development, October 1947 issue.
- "A study on Japan's postwar trade", by Chin Hsuen-sheng, National Reconstruction, October 1, 1947.
- "Postwar Sino-Jap trade reviewed", by Shou Ch'in-wen, New China Magazine, October 16, 1947.
- "The reopening of Japanese private trade and textile fabric markets in the South Pacific Islands", by Chang Shou-shih, Ts Kung Pao, October 24, 1947.
- "The three main economic problems in the peace treaty with Japan", by Meng Hsien-chang, The Financial Review, November 1947 issue.
- "Sino-Jap barrier for 1948", Shang Pao, December 14, 1947.
- "Future prospects of China tea relative to the 5-Year Plan of the Japanese tea industry", by Tze T'ing-hsi, Shang Pao, December 15, 1947.
- "Articles temporarily permitted for Sino-Japanese trade", Ts Kung Pao, December 18, 1947.

3.13.S.XI[

APPENDIX I

Sino-Japanese Barter

Trade was resumed between China and Japan during the last months of 1945 in the form of barter, under the direction of the Executive Yuan. In April 1946 it was entrusted to the Central Trust Corporation which through the China Mission to Japan, acts as an intermediary between the Chinese merchants and SCAP.

Exports thus sent to Japan amounted to 3.11% of the Chinese total in 1946 and to 1.86% for the first six months of 1947. Corresponding figures for imports were 0.40% and 0.22% for the same periods. 1)

Sino-Japanese Barter for the Year 1946 and for Jan.-June 1947 2).

Exports to Japan
(Values in CNY1,000)

Items	Net Exports During 1946	Net Exports Jan.-June 1947
Cereals & cereal products	948,233	433,836
Fruits, fresh, dried & preserved	45	788
Vegetables	1,236	320
Fuel	15,507	117,740
Textile fibres	50,050	---
Ores, metals & metallic products	2,072,000	---
Chemicals & chemical products	9,744,569	26,700,233
Animals and animal products (not including hides, leather & skins (furs), & fishery & sea products)	---	29,260
Medicinal substances & spices (not including chemicals)	---	42,000
Oils, tallow & wax	---	63,600
Sugar	---	223,350
Tobacco	---	12,000
Other vegetable products	---	304,819
Timber, wood & manufactures thereof	---	2,399
TOTAL	12,831,419	27,930,345

NOTES:

- 1) Before the war the trade with Japan amounted to approximately 15% of China's imports and exports.
- 2) From the Chinese Customs reports.

B.13.S.XIII

9

Imports from Japan
(CNY1,000)

Items	Net Imports	
	1946	Jan.-June 1947
Cotton piecegoods, grey	4,934	29
Cotton piecegoods, white or dyed	23,639	3,348
Cotton piecegoods, printed	599	---
Cotton piecegoods, miscellaneous	5,847	355
Cotton, raw; cotton yarn & cotton thread	16,184	1,895
Cotton manufactures, sundry	1,872	345
Flax, ramie, hemp, jute & manufactures thereof	45,655	---
Wool & manufactures thereof	7,741	4,896
Silk (including artificial silk) & manufactures thereof	31,944	5,618,648
Metals & ores	49,445	155,617
Machinery & tools	60,243	483,999
Vehicles & vessels	345,917	5,590,034
Miscellaneous metal manufactures	37,388	209,444
Fishery & sea products	135,557	104,118
Animal products, canned goods & groceries	46,019	2,532
Cereals & flour	95	19,286
Fruits, seeds & vegetables	21,081	---
Medicinal substances & spices	21,019	---
Sugar	38	376
Wines, beer, spirits, table waters, etc.	8	---
Tobacco	290	---
Chemicals & pharmaceuticals	310,141	214,371
Dyes, pigments, paints & varnishes	24,485	4,027,600
Candles, soap, oils, fats, wax, gums & resins	161,755	8,158
Books, maps, paper & wood pulp	120,620	15,550
Hides, leather & other animal substances	27,328	---
Timber	3,842,402	20,883,348
Wood, bamboos, ratans, coir, straw & manufactures thereof	10,667	---
Coal, fuel, pitch & tar	37,738	680,274
Chinaware, enamelledware, glass, etc.	28,293	51,427
Stone, earth & manufactures thereof	7,756	24,904
Sundry	637,419	132,768
TOTAL	6,065,119	38,232,320

From the above tables it can be seen that although Sino-Japanese barter showed a favorable balance of CNY6,765,300,000 during the first year, this was offset by a deficit of CNY10,301,975,000 in Jan.-June 1947. On the whole, China has been a constant buyer and the net deficit at the end of June 1947 amounted to CNY3,535,675,000. The main reason for the deficit is attributed to a diminution of the Chinese salt surplus disponible for export.

In this connection, it is interesting to list the chief items transacted between China and Japan.

Items Exported	1946	Jan.-May 1947
Salt	400,000 tons	114,831 tons
Bran	17,000	900
Iron	2,000	---
Phosphate rock ¹⁾	20,430	---
Soybean	---	500,000
Sugar	---	25,000
Tung oil	---	800

¹⁾ 20,000 tons of this were used for direct exchange against 2,500 tons of superphosphate

7.12.8.XIII

10

Items Imported

Artificial silk (3,000,000 lbs. in 1946 and 2,000,000 for Jan.-May 1947), locomotives, freight cars, sewing machines, bicycles, woollen goods, sleepers (579,155 pieces), timber for mining (6,190,518 pieces), TNT. (8,233 cases).

Actually the Central Trust Corporation has been supplying the National Resources Commission with Japanese mechanical supplies. US\$510,000 worth of these articles have already been delivered and the value of those not yet delivered amounts approximately to US\$560,000.

Speaking in general, Sino-Japanese trade since the victory has followed prewar lines, the exchanging Chinese raw materials against Japanese light industrial products. One slight difference is that China is no longer in a position to supply Japan with raw cotton and the latter has not resumed her large scale exports of cotton goods to China. Experts in the latter consider that this general trend will be further developed when the reopening of private trade takes place.

It is reported in the local Shang Pao, Dec.14, 1947 that the Central Trust Corporation is making plans for Sino-Japanese barter in 1948. According to the Corporation the program for 1948 will be more or less similar to that of 1947 and depend mainly on the export of salt of which the Salt Administration is preparing to appropriate a larger quantity during the next year for this purpose. It is said moreover that China will find it impossible to import locomotives and rails if she stops sending her iron ore. In this respect it may be noted that iron ore from Hainan island is being sold by the National Resources Commission to Great Britain at US\$7 per ton for re-export to Japan, transportation being reserved to Chinese merchantmen only.

APPENDIX II

Articles Temporarily Authorized

For Trade between China and Japan 1).

Trade with Japan is temporarily confined to the following items only:

- (1) Exports: iron ores (to be exported this year in exchange for Japanese rails only); lacquer (tung oil and crude lacquer); bristles; jute, hemp and ramie; sugar; salt; cereals; soya and manufactures thereof (including soya, bean oil, bean cakes, soya powder, peanuts, green beans, rape seed, raw silk, etc.);

1) Note: From The Kung Pao (Shanghai), December 18, 1947.

B.13.8.XIII

11

animal hair, skins and hides and bones (wool, goat hair, camel hair, skins, bones and horns); eggs; tobacco; camphor; medicinal plants and sundries (resin, bran, wild silk, fruits, cotton-seed oil, cotton-seed cake, etc.)

- (2) Imports: Transportation equipment and spare parts; artificial silk; chemicals (nitric acid, acetic acid, sulphate of ammonia); fertilizers (superphosphate, calcium sulphide, lime, nitroge; metals (brass and copper, copper ingots and slabs, wires and heavy steel manufactures); timber (for pit props and for matches, round logs and ordinary logs); farm tools, seeds and seedlings (silkworm eggs, mulberry seedlings and seeds); machineries and accessories (machines, testing apparatus, ammeters, voltmeters, dynamometers, high-temperature thermometers, and sundries (wood pulp, artificial indigo, tar, whale oil, newspaper, etc...))

(End)

B.13.A.XXXVI.

U N I V E R S I T E L ' A U R O R

- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Mabail)
Tel: 85701

Draft of the Commercial Registration Law
Drawn up by the Ministry of Finance
Published in the Lih Hsin Monthly Review
Oct. 15th, 1947.

Annex No. XXXVI.
Study concerned No. 12
Number of pages: 13
Remarks: Translated
by our Legal
Department.

DRAFT OF THE COMMERCIAL REGISTRATION LAW¹⁾

Chapter I.- General Provisions.

Article 1.

A "commercial business" as mentioned in this Law shall refer to all enterprises which are operated for the purpose of making profit, but shall not include specialised professions of a technical nature.

Article 2.

The competent authority mentioned in this Law shall be the Ministry of Economic Affairs in the Central Government; that for a province shall be the Public Works Department; that for a municipality under the direct jurisdiction of the (Executive) Yuan shall be the Bureau of Social Affairs; that for an ordinary municipality, the municipal government, and that for a Hsien²⁾, the Hsien government.

Article 3.

The responsible persons of a commercial business as mentioned in this Law shall be: in individual ownership, the owner of the business; in a partnership, the partners or those partners who conduct business; and in commercial businesses organized in any other way, as provided by their respective laws.

So far as the performance of their duties concerned, managers or liquidators shall also count as responsible persons of commercial businesses.

Article 4.

Unless otherwise provided by other laws, commercial registration shall be governed by the provisions of this Law.

EDITOR'S NOTES:

1) This is only a drafted revision which has not yet been promulgated. Therefore the Commercial Registration Law of June 28th, 1937 is still in force at present.

2) Hsien: district.

B.13.A.XXVI.

2

Article 5. Small scale commercial businesses may be exempted from following the provisions of this Law.

The central competent authority, after taking into consideration the economic conditions within the areas of the various provinces and municipalities under the direct jurisdiction of the (Executive) Yuan, shall separately determine the respective scope of their small scale commercial businesses as mentioned above, and submit them to the Executive Yuan for confirmation and publication.

Article 6. If according to any law or ordinance, the operation of a business by a commercial firm is subject to previous approval by the competent authority of the type of business concerned, a certificate of this approval shall first be secured and then application shall be made for registration in conformity with this Law.

Article 7. If a commercial business has failed to register any particulars whose registration is required by this Law, or has failed to make the necessary alterations or cancellations when any change or closing down has occurred, the business cannot make use of these facts against a third party.

Article 8. The government authority with which a commercial business has been registered and the Tzu¹⁾ and number of its registration certificate, must be clearly indicated on all the documents it sends out.

Chapter II.- Particulars to be Registered, their Alteration and Cancellation.

Article 9. A commercial business shall, within fifteen days after its establishment, report the following particulars to the competent authority of the municipality or Hsien where its principal store is located, and apply for the registration of the establishment of its principal store:

- 1) Name of the commercial business;
- 2) Business undertaken;
- 3) Location of the principal store;
- 4) Whether the business is under individual ownership or partnership;
- 5) Total amount of capital;
- 6) The full name and domicile of the owner of the commercial business or the full names and domiciles of its partners;
- 7) In the case of a partnership, the kinds and amounts of the contributions of the various partners;
- 8) In case of the complete or partial legal disability of the owner or any of the partners, the reasons for this disability, the limits of their business rights and the full names and domiciles of their legal representatives;

1) EDITOR'S NOTE: Tzu, character. The sign of registration consists of a character and a number, as we might use A.1.2.3... B.1.2.3...etc.

B.13.A.XXXVI.

3

- 9) The full names of any partners who have been appointed to conduct the business of a partnership;
- 10) Where managers have been appointed, their full names and domiciles and the limits of their power of management;
- 11) Where the business has commercial agents, their full names, addresses, and the limits of their power of commercial representation;
- 12) The seal of the business, if a special seal is used.

Where a commercial business under partnership has already made the above registration, if any person who has contributed to the capital (of the business) or has promised to do so by contract, has not been registered as a partner, he shall be considered as a dormant partner.

Article 10.

When a commercial business establishes a branch store, it shall, within fifteen days after the latter's establishment, report the following particulars to the competent authority of the municipality or Hsien where the branch store is located and apply for the registration of the establishment of its branch store:

- 1) The particulars provided in Article 9, but if the branch store is founded within the municipality or Hsien where the principal store is located, these particulars can be omitted;
- 2) Name of the branch store;
- 3) The business undertaken by the branch store where this differs from that undertaken by the principal store;
- 4) Location of the branch store;
- 5) The capital amount of the branch store if its capital is separated from that of the principal store.
- 6) Where the branch store has appointed managers, their full names, domiciles and the limits of their power of management;
- 7) If the branch store has commercial agents, their full names, addresses and the limits of their power of commercial representation;
- 8) The seal of the branch store if it has a special seal for use in its business;
- 9) The name of the government authority with which the principal store has been registered and the Tzu and number of its registration certificate--- if the branch store is founded within the municipality or Hsien where the principal store is located, these particulars may be omitted.

Article 11.

Where with the approval of his legal representative, a person under partial legal disability is independently to operate a commercial business, or to become a partner or shareholder of unlimited liability, the legal representative shall apply for registration thereof with the competent authority of the municipality or Hsien where the commercial business is located.

If upon discovering that the person under partial legal disability is not qualified for the above acts, the legal representative withdraws his approval or imposes more restrictions, he shall report the reasons therefor and apply to the competent authority for registration.

For these two registrations application shall be made simultaneously for the establishment of or alteration concerning the principal or branch store.

Article 12.

The restrictions imposed by a commercial business on the power of transacting business, power of management and power of commercial representation as provided in items 8, 10 and 11 of Paragraph 1 of Article 9 and items 6 and 7 of Paragraph 1 of Article 10, shall not be used against a bona fide third party.

B.13.A.XXXVI.

4

Article 13.

When after their registration, any of the various particulars to be registered as provided in Articles 9 to 11, have been changed or cancelled, application for an alteration in the registration shall be made within fifteen days after such change or cancellation, to the original registering authority.

Article 14.

If the ownership or partnership in a commercial business which has been registered, passes by inheritance to another heir in the case of an individual ownership, or the other partners jointly with the heir in the case of a partnership, shall, within fifteen days after the heir has received the inheritance, apply to the original registering authority to alter the registration.

Article 15.

When a commercial business which has been registered, is transferred both the transferrer/s and the transferee/s, whether the owners or all the partners of both parties, shall, within fifteen days after the transfer, apply to the original registering authority to alter the registration.

Article 16.

Where the principal or branch store of a commercial business, which has already been registered, moves outside the municipality or Hsien where it was originally located, it shall, within fifteen days after the removal, request the original registering authority to cancel its registration, and also apply to the competent authority of the municipality or Hsien into which it has moved, to register its establishment.

Article 17.

When a registered commercial business ceases operating or is closed down, it shall, within fifteen days after the cessation or dissolution of its business, request the original registering authorities for the principal and branch stores to cancel their respective registration. When a registered branch store of a commercial business ceases operating, it shall, within fifteen days after the cessation of business, request the original registering authority to cancel its registration as a branch store.

Article 18.

When the principal or branch store of a commercial business has not yet begun to operate six months after the registration of its establishment, or if after it has opened for business, it ceases operation for more than one year, the original registering authority may cancel the registration either at the request of the interested parties or by the use of its own powers.

Where the above cancellation of registration is asked for by the interested parties, the original registering authority shall notify the responsible persons of the commercial business in question to state their reasons 1) within a fixed time limit of between one and two months. If the reasons are not stated within the prescribed period or if the reasons stated are not sufficient, the original registering authority shall then cancel the registration.

1) EDITOR'S NOTE: i.e. their reasons for not having opened or for having closed for more than one year.

B.13.A.XXXVI.

5

A commercial business may state its reasons to the original registering authority and request it to extend the time limits as prescribed in the two preceding paragraphs; they shall not be extended for more than one month.

Article 19.

If a registered commercial business is declared bankrupt or its operation is prohibited by administrative punishment or by the sentence of a court, the original registering authority shall cancel its registration upon notification by the authority or court which inflicts the punishment.

Chapter III. - The Name of a Commercial Business.

Article 20.

None of the following shall be used as the name of a commercial business when applying for registration:

- 1) The national name "Republic of China", the name or common name of its founder 1), the name of a government organisation or of a legal body.
- 2) The word "China" used in any sense which may be lacking in respect.
- 3) Any name offensive to morals or to public order, or which may cheat the public.
- 4) A name belonging to another person, used without his consent.
- 5) A name the same as or similar to that of a popularly known commercial business operated by others, and used for the same type of business.
- 6) A name already registered as a trade mark by others, and used for transactions in goods of the same kind.
- 7) The name of a special product of a certain place, or the name of the place, used alone as the name of the commercial business dealing with that product.

Article 21.

No commercial business shall use a name the same as or similar to that of another commercial business already registered, in the same municipality or Hsien, and engaged in the same type of business.

A name the same as another, but preceded by the name of a place or an adjective, shall be regarded as similar (name) unless a Chi 2) is added as provided in this Law.

EDITOR'S NOTES:

- 1) i.e. Sun Chung-shan, Sun Yat-sen and Sun Jen.
- 2) Chi: mark, symbol. e.g. if another Book Company exists "Shanghai Book Co." would be a similar name, but "Hong Chi" Shanghai Book Co. could be used.

B.13.A.XXXVI.

6

Article 22.

If a name the same as or similar to that of another commercial business already registered, is used for illegitimate competition, whether in the same municipality or Hsien or not, the persons interested may request the competent authority to prohibit its use; if they have sustained any damage therefrom, they may further ask for damages.

If a name the same as that of another commercial business already registered in the same municipality or Hsien, is used to undertake the same type of business, and furthermore no change is made despite notification by the competent authority of the municipality or Hsien or by the persons interested, this shall be considered as illegitimate competition.

The same provision shall apply when a name similar to that of another commercial business already registered, is used to undertake similar business transactions and furthermore no change is made despite notification by the competent authority of the municipality or Hsien.

Article 23.

If one firm has used a name continuously for two years before the enforcement of this law, but subsequently to such use the same or a similar name has already been registered by another commercial firm doing the same type of business, then the restriction imposed by Article 21 shall not apply; but the firm shall, in registering its name add a distinguishing mark.

Article 24.

If within one year after the enforcement of this Law several commercial businesses founded before its enforcement make separate application to the competent authority of the same municipality or Hsien for the registration of the same name or of similar names; then the one whose use of the name within the municipality or Hsien was earliest and has been uninterrupted shall be allowed to register it. If before the application (the name) had never been used by any one of them, or if it cannot be proved who was the first to use it, then the one who first sends in an application, shall be allowed to register it. If all the applicants apply on the same day, they shall be ordered to reach a mutual agreement to let one of the commercial businesses use it, and then only shall the registration be allowed.

If the various commercial businesses which separately apply for registration as mentioned in the preceding paragraph, have all been using the name or names for more than three years without interruption, they shall all be allowed to register but each shall add a distinguishing mark.

Article 25.

If several commercial businesses founded after the enforcement of this Law, separately apply for registration of the same name or similar names with the competent authority of the same municipality or Hsien, the one which first sends in an application, shall be allowed to register; if all the applicants apply on the same day, the provision of Paragraph 1 of the preceding article shall apply.

Article 26.

If a commercial business which has already been registered in accordance with this Law, reorganises itself into a company, and if it has been using its registered name continuously and without interruption within a municipality or Hsien for more

B.13.A.XXXVI.

7

than ten years, counting from the date of registration, then the restriction imposed by Article 26 of the Company Law 1) shall not apply, but neither the principal nor the branch office of the Company shall move outside the municipality or Hsien where it was originally located, unless its name is first changed.

Article 27.

In any of the following cases, the use of a name by a commercial business shall be regarded as being interrupted:

- 1) Where a business has of its own accord ceased operating for more than half a year, this shall be regarded as an interruption, beginning from the day of cessation of business.
- 2) Where the operation of a business is prohibited by the competent authority or by a court, this shall be regarded as an interruption, beginning from the day when the order is issued.
- 3) Where a registration is cancelled by the competent authority of the municipality or Hsien, this shall be regarded as an interruption, beginning from the day of the cancellation.
- 4) If registration has not been applied for within the time limit provided in Article 61, this shall be regarded as an interruption, beginning from the day of the expiration of the time limit.

Article 28.

When a registered commercial business or Company founds a branch store or Company in another municipality or Hsien, if in that municipality or Hsien there exists another store or Company which bears the same or a similar name and operates the same type of business, except where the provisions of Article 26 apply, the name of the branch store or Company shall be preceded by the name of the place where the principal store or Company is located, and words shall be added, to make clear that it is a branch store or Company.

Article 29.

If a commercial business which has changed its name after registration, does not apply for the registration to be altered in accordance with the provisions of Article 13, the competent authority of the municipality or Hsien may on its own responsibility or upon the request of the persons interested, issue an order to cancel the original name.

Article 30.

The name of a commercial business shall not be transferred apart from the business itself.

- - - - -

- 1) EDITOR'S NOTE: The Company Law was promulgated on the 12th, April, 1946. Its Article 26 reads: "Companies engaged in the same type of business, no matter whether or not they are of the same class or whether or not they are within the same province or municipality or locality, shall not use the same or similar names".

B.13.A.XXXVI.

Article 31.

Where a commercial business uses the name of its owner or that of a partner as its name, when the business is transferred or the partner retires, the owner or partner or their heirs may ask that the name shall no longer be used.

Chapter IV.- Commercial Businesses Operated by Foreigners.

Article 32.

Where a commercial business operated by foreigner/s has its principal store within Chinese territories, if it is under individual ownership, the owner of the commercial business must have his domicile in China; if it is a partnership, at least one of the partners must be domiciled in China.

Article 33.

When a foreign commercial business whose principal store is not within Chinese territories, founds a branch store in China, if the owner or the partners of the commercial business have no domicile in China, a person domiciled in China shall be appointed as their legal and extra-legal representative.

The full name, nationality and domicile of the agents mentioned above, shall be reported at the time when the branch store concerned applies for the registration of its establishment; a written power of attorney shall further be annexed.

Article 34.

If according to any law or ordinance the locality or business type of a commercial business operated by foreigners within Chinese territories, is subject to special authorisation by a competent authority, it shall, after securing the certificate of special authorisation, apply for registration in accordance with this Law.

Article 35.

When a commercial business operated by foreigners within Chinese territories, applies for registration, the applicant shall submit documentary evidence of his nationality; if its legal or extra-legal representative, manager or commercial agent is a foreigner, the documentary evidence of his nationality shall also be annexed when submitting the application for registration.

If the foreigners mentioned in the preceding paragraph are persons without nationality, they shall submit a certificate from the competent authority of the census register of the locality within Chinese territories, where they are domiciled.

Article 36.

In any of the following cases, the provisions of this Chapter shall apply to commercial businesses operated by a joint partnership of foreigners and Chinese nationals:

- 1) Where foreign partners have contributed more than half of the total amount of capital of the partnership.
- 2) Where the foreign partners are more numerous than the Chinese partners.
- 3) Where the Chinese partners have no domicile within Chinese territories.

B.13.A.XXXVI.

9

Chapter V.- Procedure and Fees of
Registration.

Article 37.

The owner, or all the partners of a commercial business shall apply for the registration of establishment, the registration of the transfer or the cancellation of the registration of the principal store of the commercial business, unless otherwise provided in Articles 11, 14 and 15, application to alter the registration of principal store, or to register the establishment or alteration or to cancel the registration of a branch store, shall be made by the owner or the partners of the commercial business, or by those partners who conduct the business.

Article 38.

Application to register the transfer or to cancel the registration of the principal store of a commercial business operated by foreigners within Chinese territories, shall be made by the owner of the commercial business or by all the partners domiciled in China. Application to alter the registration of a principal store, or to register the establishment or alteration or to cancel the registration of a branch store, shall be made by the owner of the commercial business or by the partners who conduct the business or those who are domiciled in China.

Article 39.

The owner of a commercial business or the partners who are responsible for applying for the registration, may appoint an attorney to apply for the registration of the commercial business.

When an attorney makes application as mentioned in the preceding paragraph, he shall at the same time submit the letter of attorney issued by the owner of the commercial business or by the partners who are responsible for the application.

Article 40.

If according to the provisions of Article 6, a previous approval is necessary for the operation of a commercial business, it shall, when applying for the registration of its establishment, submit the original or a copy of the certificate of approval.

Article 41.

If according to the provisions of Article 34, a special authorization is necessary for the operation of a commercial business by foreigners within Chinese territories, the original or a copy of the certificate of special authorization shall be annexed when applying for the registration of its establishment.

Article 42.

When the heir of the owner of a commercial business or the partners together with the heir apply for registration according to the provisions of Article 14, they shall at the same time submit documentary evidence of the fact of inheritance.

Article 43.

When a commercial business applies for the registration of a name coming under the provisions of Article 23 or Paragraph 2 of Article 34, it shall at the same time submit documentary evidence to prove that it was the first to use it and has been using it for continuously more than two or three years.

B.13.A.XXVI.

10

When a commercial business applies for the registration of a name coming under the provisions of Article 20, it shall at the same time submit documentary evidence proving that ten years have elapsed since the registration of the name and that since then it has continuously been using it.

Article 44.

If the documents submitted by foreigners are in a foreign language, a Chinese translation of the text shall be annexed.

Article 45.

An applicant for registration who discovers any error or omission in the particulars after they have been registered, may within one month request the competent authority of the municipality or Hsien to make a correction.

Article 46.

The competent authority of a municipality or Hsien shall, within five days after approving a registration or a correction in a registration, publish the various particulars registered or corrected.

Article 47.

The competent authority of a municipality or Hsien shall issue a certificate of registration to each principal or branch store the registration of whose establishment has been approved.

The form of the above-mentioned certificate of the registration of principal or branch stores shall be determined by the central competent authority, and the competent authorities of the various municipalities and Hsien shall separately make the certificates according to the form appointed.

Article 48.

If because a commercial business applies for an alteration to be made in its registration, the statement on the original certificate of registration needs to be corrected, this original certificate shall be cancelled and a request made for the issue of a new certificate of registration.

When the particulars on the certificate of registration have been corrected, the provision of the preceding paragraph shall also apply.

Article 49.

When a commercial business applies for cancellation of its registration, it shall hand over its certificate of registration for cancellation.

Article 50.

When according to the provisions of Articles 18 and 19, the competent authority of a municipality or Hsien cancels the registration of a commercial business, it shall reclaim and cancel the certificate of registration which it originally issued.

Article 51.

The competent authority of a municipality or Hsien shall only have to sanction such registrations as are provided for in Article 11 and also such alterations in registration as do not require a change of the certificate of registration.

B.13.A.XXVI.

11

Article 52.

A commercial business shall, when applying for its registration, pay registration fees as provided below:

- 1) In the case of registration of the establishment of the principal store, one per mille of the total amount of its capital.
- 2) In the case of registration of the establishment of branch stores;
 - a. Where their capital is separate, one per mille of the amount of the capital;
 - b. Where their capital is not separate, two thousand National Currency dollars for each branch store.
- 3) In the case of alteration in a registration:
 - a. Where the capital is increased, two per mille of the amount of increase,
 - b. Where there is no increase of capital, one thousand National Currency dollars each time.
- 4) For the cancellation of a registration, one thousand National Currency dollars.
- 5) For any other registration, one thousand National Currency dollars.

Article 53.

Where the registration of a commercial business requires the issue of a certificate of registration or a change therein, one thousand National Currency dollars shall be paid as fee for each certificate; the same shall apply when a certificate of registration has been lost and an application is made for the issue of a new one.

Article 54.

The competent authority of a municipality or Hsien shall keep the following registers in which to inscribe the various particulars of registration:

- 1) Register of the principal stores of commercial businesses;
- 2) Register of the branch stores of commercial businesses;
- 3) Register of the power of transacting business of persons under partial legal disability.

The forms of the above-mentioned registers shall be determined by the central competent authority, and each of the competent authorities of the various municipalities or Hsien shall make its registers according to the fixed forms.

Article 55.

Persons interested in a commercial business may ask permission from the competent authority of the municipality or Hsien to examine in the registers mentioned in the preceding Article, the particulars of the registration of that commercial business and the documents annexed thereto; they may further ask for the issue of a document certifying whether the particulars registered have been altered, or whether a certain particular has been registered, and also for full or abridged copies of the annexed documents.

Without legitimate reason, the registering authority shall not reject the requests mentioned in the preceding paragraph. Each time any person requests permission of the registering authority to examine the registers and the annexed documents, he shall pay one thousand National Currency dollars as examination fee;

B.13.A.XXVI.

12

any person who asks for the issue of a certificate, shall pay two thousand National Currency dollars as fee for each certificate; and any person who requests that copies should be made for him, shall pay a fee of two thousand National Currency dollars per thousand words copied.

Article 56.

The competent authority of each ordinary municipality or Hsien shall every half year prepare two lists of cases of commercial registration and submit them for reference to the provincial competent authority, which shall transmit one list to the central competent authority for reference.

The competent authority of each municipality under the direct jurisdiction of the Central Government shall every month prepare a list of cases of commercial registration and submit it to the central competent authority for reference.

Chapter VI. - Penalties.

Article 57.

Any person who creates illegitimate competition by using a name the same as or resembling that of another commercial business which has already been registered, shall be sentenced to 1) penal servitude or detention not exceeding one year or to a Fa Chin fine not exceeding twenty thousand dollars.

Article 58.

The responsible persons of a commercial business who fail to apply for the registration of its establishment according to the provisions of Article 9, 10 or 61, shall be punished with a Fa Huan 3) fine not exceeding ten thousand dollars; where the application is made after the expiration of the time limit, Fa Huan fine not exceeding two thousand dollars shall be imposed.

If after being penalised, the responsible persons of the commercial business still fail to apply for the registration of establishment as mentioned above, the competent authority of the municipality or Hsien may order them to file the application within a prescribed period, failing which the business shall be closed down.

Article 59.

The responsible persons of a commercial business who fail to apply for alteration in or cancellation of its registration in conformity with the provisions of Articles 13 to 17, may be punished with a Fa Huan fine not exceeding five thousand dollars.

Article 60.

The responsible persons of a commercial business who contravene the provisions of Articles 26 and 18, shall be punished with a Fa Chin fine not exceeding twenty thousand dollars.

EDITOR'S NOTES:

1) The term Fa Chin is used for a strictly penal fine under a criminal law; that is, a pecuniary punishment imposed by a lawful tribunal on a person convicted of crime or misdemeanor.

2) The term Fa Huan is used for a fine of a civil character, imposed for breaches of taxation laws; in both cases it is imposed for offences which do not come under the penalties of the criminal law.

B.13.A.XXXVI.

13

Chapter VII.- Supplement.

Article 61.

All commercial businesses which have not been registered before the enforcement of this Law, shall, within one year after its enforcement, apply for the registration of their establishment according to the provisions of this Law.

Article 62.

Any registration made before the enforcement of this Law, and in conformity with the Commercial Registration Law then in force, shall have the same effect as registrations made according to the present Law; but if the particulars in the original registration do not conform with the provisions of the present Law or are incomplete, then an application shall be made for alteration in the registration within one year after the enforcement of the present Law.

Article 63.

This Law shall come into force on the day of promulgation.

(End)

B.13.A.XXXVII.

U N I V E R S I T E L A U R O R E

- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

380 Chungking San Lu (Dubail)
Tsl:85761

Regulations for Controlling the
Rate of Interest

Annex No.: XXXVII

Number of pages: 2

Promulgated by the National Government
on the 19th. of December 1947 1),

Remarks: Translated
by Our Legal
Department.

Published in Ta Kung Pao
Dec. 19th. 1947.

REGULATIONS FOR CONTROLLING THE RATE OF INTEREST

Article 1.

The control of the rate of interest shall be governed by the provisions of these Regulations.

Article 2.

The rate of interest on deposits in modern and native banks shall not exceed the rate of interest on loans. The local Modern and Native Bankers' Association shall every day, taking into consideration the conditions of the financial market, determine the daily interest rate on loans between bankers and on loans, and submit them to the Central Bank for confirmation. They shall then be announced for enforcement as the maximum interest rate on loans.

Article 3.

In places where the Central Bank has no office, the interest rate on loans granted by modern and native banks shall be based on that in the nearest place where it has been announced by the Central Bank.

Article 4.

Where the interest rate on a loan granted by a modern or native bank exceeds the maximum daily interest rate announced by the Central Bank for the same day, the creditor shall have no right to claim the part in excess.

- 1) EDITOR'S NOTE: The same ordinance which promulgated the Regulations for Controlling the Rate of Interest, simultaneously announced the abrogation of the former Regulations for Controlling the Rate of Interest on Deposits and Loans through Banks.

B.13.A.XXXVII.

2

Article 5.

The interest rate on monetary obligations under agreement by persons other than modern and native bankers, shall not exceed the daily interest rate fixed by the local office of the Central Bank at the time when the agreement is reached; otherwise the creditor shall have no right to claim the part in excess.

Article 6.

Where no interest rate has been agreed upon for a monetary obligation on which interest should be paid, the creditor may request that it shall be computed according to one half of the daily interest rate on loans fixed by the local office of the Central Bank.

Article 7.

These Regulations shall come into force on the day of promulgation.

(End)

3.13.A.XXXVIII.

U N I V E R S I T E L ' A U R O R E

" S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dubai)
Tél: 85761

Measures governing the Affixing of Revenue
Duty Stamps on Sales invoices issued by
Factories which have already Paid
the Commodity Tax

Annex No.: XXXVIII

Annexes concerned Nos.
XXV and XXVI.

Promulgated by the Ministry of Finance
on the 25th. of October 1947;

Number of pages: 2

Published in the Weekly Review of Laws
(Fa Ling Chou A'an)
Oct. 29th. 1947.

Remarks: Translated by
our Legal Department.

MEASURES GOVERNING THE AFFIXING OF
REVENUE DUTY STAMPS 1)
ON SALES INVOICES ISSUED BY FACTORIES WHICH HAVE ALREADY
PAID THE COMMODITY TAX

Article 1.

Factories undertaking to produce goods subject to
the commodity tax (hereafter briefly mentioned as factories) shall
pay the commodity tax on their products according to the Law; when
making out invoices for the sale of these products, they shall
affix revenue duty stamps thereon in conformity with the provisions
of these Measures.

Article 2.

When selling their products, factories shall make
out separate invoices in accordance with the Business Tax Law 2)
and the Special Business Tax Law 3); if it is necessary to make
out a separate warehouse receipt for the delivery of the goods,
revenue duty stamps shall be affixed thereon separately.

EDITOR'S NOTES.

1) Reference may be made to the Revenue Stamp Duty Law
now in force, which was revised and promulgated by the National
Government on the 6th. of June 1947 and to its Application Rules
promulgated by the Executive Yuan on the 3rd. of July 1947 (see
Monthly Bulletin No. X - Aug.-Sept. 1947. Annexes XXV & XXVI).

2) The Business Tax Law was revised and promulgated by
the National Government on the 1st. of May 1947 (see Monthly Bulletin
No. VIII. May 1947. Annex XIX) and its Application Rules promulgated
by the Executive Yuan on the 4th. of August 1947 (see Monthly
Bulletin No. X - Aug.-Sept. 1947. Annex XXVII).

3) The Special Business Tax Law was promulgated by the
National Government on the 1st. of May 1947 and its Application
Rules by the Executive Yuan on the 11th. of June 1947 (see Monthly
Bulletin No. IX - June-July 1947. Annexes XXII & XXIII).

13.A.XXVIII.

2

Article 3.

The selling prices of the products, as listed on the invoices issued by factories, shall be the actual selling prices. If commodity tax has already been paid, the whole amount of this commodity tax may be deducted. This must be stated on the invoice and revenue stamps affixed according to the law. The following shall also be stamped on for purposes of examination: "Certificate of commodity tax inspected and \$..... deducted for commodity tax already paid."

Article 4.

An invoice on which revenue duty stamps are affixed in accordance with these measures, shall have the certificate of payment of the commodity tax attached to it; they shall not be separated. But, where no certificate of tax payment has been issued for the goods, the resident commodity tax collector shall stamp on the words: "Commodity tax already paid", for purposes of proof.

Article 5.

Any factory using machinery, to which resident commodity tax investigators and collectors have been sent, may apply to use the Simplified Measures for Affixing Revenue Duty Stamps¹⁾.

Article 6.

No factory shall use a warehouse receipt for the delivery of goods, a certificate of payment of the commodity tax or conveyance certificate as a substitute for the invoice.

Article 7.

Where a factory also undertakes retail sales, the provisions of these measures shall not be applied to its retail department.

Article 8.

If the provisions of these measures have been contravened, the amount of commodity tax already paid shall not be deducted from the invoice.

Article 9.

These measures shall come into force on the day of promulgation.

(End)

1) EDITOR'S NOTE: The Simplified Measures for Affixing Revenue Duty Stamps were promulgated by the Ministry of Finance on the 8th. of May 1947.

B.13.A.XXXIX.

UNIVERSITE L'AURORE

- Shanghai -

BUREAU DE DOCUMENTATION
(Economic Chinese)

280 Chungking Nan Lu (Nubail)
Tel: 85761

Regulations governing the Renting
of Houses

Promulgated by the National Government
on the 1st. of December 1947;

published in the Weekly Review of Laws
(see Ling Chou K'uan)
December 3rd. 1947.

Annex No. XXXIX

Document concerned: No. 30.p.p.
4 to 8.

Annex concerned: NO. XXIV.

Number of pages: 5

Remarks: Translated by our
Legal Department.

REGULATIONS GOVERNING THE
RENTING OF HOUSES

Article 1.

The provisions of these Regulations shall govern the renting of houses in places where provincial or municipal governments are located and in other densely populated localities and regions where it is difficult to lease houses, as designated by the provincial government. In cases not covered by these Regulations, those of the Civil Code 1), the Land Law 2) and other laws and ordinances shall be applied.

Article 2.

If anyone is neither himself using a house available for dwelling nor leasing it out, the competent government may order him to lease it within the period of one month.

Where according to the provisions of Article 96 of the Land Law 3), the rooms used by a person himself exceed his actual requirements, he may be ordered to lease within a prescribed period, the rooms in excess of his requirements.

EDITOR'S NOTES:

1) The Chinese Civil Code contains 5 Books, separately promulgated and enforced by the National Government on different dates. Special reference may be made here to Book II. "Obligations" (promulgated on Nov. 22nd. 1929 & enforced on May 5th. 1930). Chapter II. Section 5. "Renting" (Art. 421-463).

2) The Land Law now in force was revised and promulgated by the National Government on the 29th. of April 1946 (see Monthly Bulletin Feb. IV-January; V-February and VI-March 1947; Documents 23, 30 & 36 "The new Land Law Compared with the Old" by Prof. Sung Chieh-hui).

3) Art. 96 of the Land Law reads:

"A municipal or district government may, taking into consideration local conditions, impose necessary restrictions on the number of rooms occupied by each individual as his personal dwelling place in an urban area; but this shall be done with the approval of the local organ of public opinion."

3.13.A.XXXIX.

2

If anyone disregards the orders mentioned in the preceding paragraphs, their leasing shall be made compulsory and a Fa Huan fine 1) not exceeding five thousand dollars may further be imposed.

Article 3.

When a house is leased, besides the rent, a cash security may be received. The maximum cash security shall not exceed the total rent for two months.

If an agreement is made containing a cash security which contravenes the above provision, the part in excess shall be refunded to the lessee, and a Fa Huan fine not exceeding twice the amount in excess may further be imposed.

Article 4.

Rents shall be paid monthly; the competent government may, with the approval of the local organ of public opinion and according to local economic conditions, restrict them to a given maximum.

If an agreement is made in which the rent exceeds the maximum as restricted in the preceding paragraph, the part in excess shall be regarded as undue increment; the lessee may, within six months after its payment, ask for a refund.

Article 5.

Apart from rent, the lessor shall not take money as 'key-money' 2) or under any other title.

Article 6.

A lessee shall ^{not} sub-let all his rooms to others; where some of the rooms are sub-let, if the contract contains stipulations opposing this, then written consent shall first be secured from the lessor or the sub-letting contract shall be sent over to the lessor to be signed by him.

The rent for sub-letting shall be computed in proportion to the part sub-let and the original rent, and shall not exceed twice the original amount of rent. If a cash security originally existed, the cash security shall be computed in the same way. Furthermore one half of the part in excess of the original amount of rent and of cash security shall be paid to the lessor.

When sub-letting rooms, no 'key-money' 3) or money under any other title shall be taken.

EDITOR'S NOTES:

1) The term Fa Huan is used for a fine of a civil character under civil law, or of a fiscal character, imposed for breaches of taxation laws; in both cases it is imposed for offences which do not come under the penalties of the criminal law.

2) The Chinese expression is 'Hsiao Fei', literally meaning: small fee.

3) In the original text of the Law, two expressions 'Ting Fei' and 'Hsiao Fei' are used here to mean the same thing: Key-money. Literally, 'Ting Fei' means: take-over money.

B.13.A.XXXIX.

3

Article 7.

Where before the enforcement of these Regulations, a lessee had sub-let all his rooms to others, the present lessees and the person who has the right to rent them out, shall conclude another contract within six months; if without the consent of the lessor some of the rooms had been sub-let to others, unless he gives his signature as provided in the preceding article, he may take back those rooms which have been sub-let and lease them out again. But the original sub-lessee shall have a preferential right to rent them.

The lessor shall not refuse to give his signature, as mentioned in the preceding paragraph, without an adequate reason.

Article 8.

Any contravention of the provisions of Article 5 and paragraph 3 of Article 6 shall be punished with a Ka Huan fine not exceeding three times the amount of money received.

Article 9.

A lessor shall not terminate a (renting) contract except on one of the following conditions 1),

- 1) If the lessee puts the premises to illegal uses.
- 2) If for reasons for which he is responsible the lessee owes an amount of rent equal to the amount of the cash security given plus at least two months' rent.
- 3) If the lessee has intentionally or through negligence damaged the lessor's house and fails to make repairs or pay adequate compensation.
- 4) If the lessee contravenes the provisions of paragraph 1 of Article 6.
- 5) If proof is furnished that the lessor is taking back his house for his own use, in accordance with the provisions of Article 11.
- 6) If the term agreed on for the lease has expired.
- 7) If the lessee has closed up the house and has ceased to use it for more than six months.
- 8) When the house has to be rebuilt, and the lessee has been notified three months in advance, and furthermore a building licence has been secured.
- 9) When the lessee violates the restrictions laid down in the lease.

The provision of Item 6) of the preceding paragraph shall not apply to a fixed term lease of less than two years or one containing a special agreement.

Article 10.

Where a lease has been concluded for a term of more than one year, if a considerable change has taken place in local economic conditions, the party concerned may request that the increase or decrease of the rent be considered. This same shall apply to a lease of indefinite term.

-
- 1) EDITOR'S NOTE: Compare with Land Law, Art. 100 and its New Interpretation issued by the Judicial Yuan June 24th, 1947 (see Monthly Bulletin No. 11 - June-July 1947, Annex XXIV).

B.13.A.XXXIX.

Article 11.

If after a lease of indefinite term has been in force for two years, the lessor for adequate reasons has to take back the house for his own use, he shall furnish definite proofs of his need, and further give the lessee three months notice of the cancellation of the lease.

Article 12.

If without legitimate reason the lessor refuses to accept rent paid to him by the lessee as provided in the lease, the lessee may deposit the rent in a bank or post office in the name of the lessor, and then notify the lessor.

Article 13.

The provisions of the four preceding Articles shall, mutatis mutandis, apply to the transferee mentioned in Article 425 of the Civil Code 1).

Article 14.

If after being rebuilt a house is still to be leased out, the original lessee shall have a preferential right to rent it.

Article 15.

If anyone who has taken back a house for his own use, keeps it vacant for three months or again leases it within one year, the original lessee shall have the right to claim for the continuation of his lease; he may furthermore ask for compensation for damage or injury.

Article 16.

The respective competent governments of the various localities or regions as mentioned in Article 1, shall, according to the provisions of Articles 94 2) and 95 3) of the Land Law, construct residential houses for the inhabitants and encourage the inhabitants to build residential houses.

Article 17.

In the localities and regions designated in Article 1, institutions which furnish dormitories to their employees, shall not receive any rent from them; those which furnish no dormitory, shall give them an appropriate sum of money as a grant-in aid.

EDITOR'S NOTES:

1) Art. 425 of the Civil Code reads as follows:

If after handing over a leased property, the lessor transfers his right of ownership to a third person, the lease shall still hold good on behalf of the transferee.

2) Article 94 of the Land Law reads as follows:

"In urban areas, the Government shall construct an appropriate number of reserve houses to be leased as residences to the inhabitants. The rental of the houses mentioned above shall not exceed an amount equivalent to an annual interest of eight per cent on the value of the land and buildings".

3) Article 95 of the Land Law reads:

"In order to relieve housing shortage, a municipal or district government may, with the approval of the Executive Yuan, reduce or suppress the land taxes and improvement tax on newly created houses, and prescribe a time limit for such reduction or exemption.

CONFIDENTIAL

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

25X1A

COUNTRY China

SUBJECT Analytical Index to Monthly Bulletin 1 to 22, Department
of Economics and Political Sciences, Aurora University.25X1A PLACE ACQUIRED
(BY SOURCE)DATE ACQUIRED
(BY SOURCE)

DATE (OF INFO.)

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE
OF THE UNITED STATES. WITHIN THE MEANING OF TITLE 18, SECTIONS 793
AND 794, OF THE U.S. CODE, AS AMENDED. ITS TRANSMISSION OR REVE-
LATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS
PROHIBITED BY LAW. THE REPRODUCTION OF THIS REPORT IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE DOCUMENTARY

Available on loan from the CIA Library is Analytical Index to Monthly
Bulletins from Oct 48 through Nov 48 prepared by the Department of Eco-
nomics and Political Sciences, Aurora University, Shanghai.

-end-

LIBRARY SUBJECT & AREA CODES

927.805 581L

DAS NO.	
OCI NO.	

DATE DISTR. 5-MAR-54

NO. OF PAGES 1

NO. OF ENCLS.

SUPP. TO
REPORT NO.U.S. Officials Only
CONFIDENTIAL

DISTRIBUTION	STATE -X	ARMY -X	NAVY -X	AIR -X	FBI	ORR-Ev		
--------------	----------	---------	---------	--------	-----	--------	--	--

This report is for the use within the USA of the Intelligence components of the Departments or
Agencies indicated above. It is not to be transmitted overseas without the concurrence of the
originating office through the Assistant Director of the Office of Collection and Dissemination, CIA.

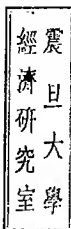
25X1A

Approved For Release 2002/08/13 : CIA-RDP80-00926A006900040019-4

Approved For Release 2002/08/13 : CIA-RDP80-00926A006900040019-4

25X1A





UNIVERSITE L'AUREORE

SHANGHAI

FACULTE DE DROIT

SECTION DES SCIENCES
POLITIQUES ET ECONOMIQUES

BUREAU DE DOCUMENTATION
(ECONOMIE CHINOISE)

280 CHUNGKING NAN LU
TEL. 85761

Shanghai, January 26th 1949

It is with very sincere regret that I have to announce to our readers, on behalf of the BUREAU OF DOCUMENTATION, that owing to circumstances the publication of the MONTHLY BULLETIN will be suspended after this issue.

To allow fuller utilisation of the mass of documentation contained in the Documents, Studies and Annexes published over more than two years in the Bulletin, the present issue consists of a detailed Analytical Index of the subjects covered. We hope that this may enable the Bulletin to take a permanent place as a work of reference on economic questions in China during a transition period of more than ordinary interest.

The suspension of the Bulletin will not in any way affect the other work of the BUREAU OF DOCUMENTATION: the methodical filing of economic news and articles and the research work on Chinese economic problems and legislation, carried on for the last ten years, will continue as before. If our former subscribers and friends wish to make use of our files it will give us great pleasure to answer their enquiries as we have done hitherto. We hope also that we shall still be able to put at their disposal careful and accurate translations of any new laws or regulations seriously affecting economic life in China.

In conclusion, may I take this opportunity, again in the name of all the staff of the Bureau, of expressing our appreciation of the cooperation we have received and of the interest shown in our Studies and translations by Research Institutes, business circles and many technical Reviews abroad.

E.S. de Breuvery
Director
BUREAU OF DOCUMENTATION

P.S. Those whose subscriptions were paid at a later date than January 1948 are asked to let us know whether they wish the outstanding amount to be returned to them or if they would prefer to receive back numbers of the Bulletin to carry back their set the corresponding numbers of months.

IMPORTANT NOTE ON NEXT PAGE...

U N I V E R S I T E L ' A U R O R E

- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dubail)
Tel: 85761

Re: Annex No. LXXIII in MONTHLY BULLETIN No. XXII (Nov. 1948)
"Projected Revision of the Trade Mark Law".

Through a printer's slip, Article 15 has been omitted. - Our readers are requested to add the following text of the Article on page 4 of Annex No. LXXIII:

Article 15.

If the same merchant inserts his registered trade mark as a part of another trade mark, he may apply for its registration. But, if the two trade marks are used on the same kind of commodity, they shall not be separately transferred to others after the registration has been granted.

(End)

震旦大學
經濟研究室

UNIVERSITE L'AUREORE
SHANGHAI

FACULTE DE DROIT
SECTION DES SCIENCES
POLITIQUES ET ECONOMIQUES

BUREAU DE DOCUMENTATION
(ECONOMIE CHINOISE)
280 CHUNOKING NAN LU
TEL. 85761

M O N T H L Y B U L L E T I N

E. S. de BRAUVERY
Dean of the Department of Economics
and Political Sciences
Editor

Advisory Board

A. BONNICHON
M. THORNTON
A. SUNG CHIA-HUAI
MICHAEL W.Y. LEE
JOHN T.S. CHEN

Dean of the Faculty of Law
Dean of the Department of Sociology
Professor of Chinese Civil Law
Research Assistant. Bureau de Documentation
Research Assistant. Bureau de Documentation

THIRD YEAR

December 1948

A N A L Y T I C A L I N D E X

From Bulletin No.1 (Oct.1948)
To Bulletin No.22 (Nov.1948)

EXPLANATION OF REFERENCES

B = Bulletin, D = Document, S = Study, A = Annex.

'p' or 'pp' refers to the separate paging of each article.

'p' with Roman figures, refers to the introductory pages of Editor's Notes.

Subjects are listed with cross references, e.g.
a Regulation concerning Income Tax may be found
under Income Tax, Law or Taxation.

In most cases, subheadings are arranged in alphabetical order; but Laws and Regulations on the same subject are arranged chronologically.

MONTHLY BULLETIN - December 1948 - Analytical Index - Page 1

ACCOUNTING Law, Commercial (Jan. 7, 1948)	B14	A40	
Note: correction of mistake in Art. 3	B17		PII
See also BUSINESS TAX LAW under TAXATION			
ACIDS, Commercial: see CHEMICAL industries.			
Production in Shanghai	B10	B10	pp6-7
AGRARIAN reforms: see LAND reforms.			
AGRICULTURAL Cooperatives: see COOPERATIVE, AGRICUL-			
TURAL loans, etc.			
Loans in China	B8	D47	
Loans granted by Farmers' Bank	B19	D102	p4
Products: see BRISTLES, COTTON, FIBRES,			
SILK, SUGAR, Tea, etc.			
Products in Shanghai	B14	D82	p4
AGRICULTURE, Crucial situation of, in China	B9	D50	pp3-3
In Sinkiang	B2	D14	
ALKALI industry in Taiwan	B18	D100	
ALTAI Mountains, gold mining in	B10	D61	
ALUMINIUM industry	B14	D79	
ALUMITE clay, as source of aluminium and fertilisers.	B14	D79	pp4-8
AMMONIA, sulphate of	B2	D12	pp3-4
AMOY, % of total Chinese imports and exports via,			
(1947, 1948)	B21	D105	p4
ANHEI, Alunite mines in	B14	D79	p7
Budget for 1946	B9	D51	p3
Coal mining in	B16	D90	p7
Copper mines in	B2	D13	p4
Cotton production and collection in	B12	D70	p4
Cotton textile mills (6th District) and			
number of machines	B20	D103	p6
Iron mines, prospecting of	B2	D13	p4
Silk output and loans (1947)	B20	D20	pp3-4
Silk producing areas in	B10	D57	p3
Tea in	B1	D3	p2
	B6	36	
ANHEI-KIANGSU-CHAKIANG area, factories in	B2	D9	pp2-3
ANTIMONY Export	B15	D83	p9
Mines in Hunan	B3	D20	pp3-4
ANTHRACITE: see COAL, passim, and especially	B4	D26	pp2-4
ARTIFICIAL FIBRE industry, creation of, in China	B5	34	
ARTIFICIAL SILK import (1937-1939)	B5	34	pp1-2
ASSESSMENT of capital of profit-seeking enterprises .	B12	D72	
ASSETS Of Profit-seeking Enterprises, Methods of			
Evaluating (July 3, 1946)	B8	A16	
Fixed, of Industrial, Mining and Transporta-			
tion Enterprises, Revaluation of			
(Dec. 28, 1946)	B7	37	pp6-8
Note: revision of formula for computation .	B16		PII
Valuation of, Methods of readjusting			
(Feb. 21, 1947)	B8	A17	

P

BALANCE of payments (1937-1947): see INTERNATIONAL payments.		
BAMBOC export in 1946	B10	D60
BANKING Business and monetary circulation	B13	D73
Credit, inflation of	B14	D80
Institutions, Regulations for the Control of	B3	A4
Law, projected	B3	D21
Law, projected Revision of the Chinese	B3	A3
Law (Sept. 1, 1947)	B8	A15
	B9	A20
Notes: 1) Application of Art.46 temporarily suspended	B10	FII
2) Names of banks	B13	PIII
3) Restrictions of bank investments	B13	PIII
4) Separate business licence for each branch or sub-branch	B13	PIII
5) Opening of provisional offices by banks and removal of Savings or Trust Departments from the original business location	B14	FII
6) Explanation of some terms given by Ministry of Finance.	B16	FII, III
Law, criticism of	B12	D69
Private, crucial position of after the War.	B9	D50
Accounting in: see ACCOUNTING Law	B14	A40
BANKS, Business tax on, rate of	B5	A8
	B10	A28
" " " " " in Shanghai (Oct. 1948)	B22	A71
	B22	A72
Business tax on, special	B9	A22
	B9	A23
Business licence tax on	B7	A12
	B11	A31
	B12	A33
	B19	A60
	B20	
Commercial: see Chapter III of Banking Law (Sept. 1, 1947)	B8	A15
Commercial, how to induce, to invest in productive enterprises	B2	D11
Abolition of restrictions on such investments	B2	D11
Commercial Guild Law applied to, as profit-seeking enterprises	B16	A44
		A49
Deposits in, under monetary inflation	B13	D76
Excess profits tax, special, on	B6	A10
Note: abrogation	B17	FII
Foreign: see Chapter VIII of Banking Law (Sept. 1, 1947)	B9	A20
Increase of capital	B21	A64
Government: Bank of China, remittance services in foreign countries ..	B1	D2
		pp2-3

BANKS (continued)

MONTHLY BULLETIN - December 1948 - Analytical Index - Page 4

BANKS (continued)

Revenue stamp duty on documents and pass
books of B4 A6 p9
B10 A25 p11
B18 A56 p10
B20 A61 p12

Savings: see Chapter V of Banking Law
Sept. 1, 1947) B9 A20 pp3-6

Trust companies: see Chapter VI of Banking
Law (Sept. 1, 1947) B9 A20 pp6-7

Velocity of circulation of deposits in,
in Shanghai B13 D76 pp2-3
B21 S22 ppl-11

BARITE ore in Kiangsai B2 D13 p5

BARIUM B2 D13 p5

BAUXITE in China: see ALUMINIUM

BAYER METHOD for refining aluminium, in Shantung .. B14 D79 p13-16

BEVERAGES in Kwangtung B5 D29 p8

in Taiwan B6 D37 pp2-3

BITUMINOUS COAL: see COAL

BLACK MARKET and idle capital B13 D77

BLEACHING POWDER, Production in Shanghai B10 S10 p5

Production and requirements
in Taiwan B18 D100 pp3-5

BORDER AREAS: see LAND, enforced sale of,

BORNEO, trade with: see SOUTH SEAS

BREWING in Kwangtung B5 D29 p8

BRISTLES export in 1947 B15 D83 pp8-9

BUDGET, See FINANCE, Public

General, of Central Government for 1947,
Measures Governing (Aug. 5, 1946) B3 A5

BURMA, trade with: see SOUTH SEAS

BUSINESS LICENCE TAX: see under TAXATION

BUSINESS TAX, SPECIAL: see under TAXATION

C

CAMPHOR in Taiwan B6 D37 ppl-2

CANDLE industry in Shanghai B11 S11 p3

CANTON-HANKOW RAILWAY B16 D91

Bituminous coal along B12 D71

CANTON, % of total Chinese exports and imports
via (1947-1948) B21 D105 p3

Rubber industry in B19 S18

Silk exports via (1946-1947) B20 S20 p6

CAPITAL, Demand for, and its effect on interest
rates B2 S1 p3

Flight of B20 S19 ppl3-14

Idle, and black market B13 D77

Of private banks: see BANKS, Private

Of profit-seeking enterprises, assessment
of, for income tax B12 D72

Registration of: see REGISTRATION

CASH MARGINS on Stock Exchange B13 D77

CAUSTIC SODA: see SODA

CELLULOID industry in Shanghai B11 S11 p5

CEMENT Industry in China	B5	D32	
Import (1933-1937)	B15	S15	
In Hunan	B5	D32	
In Kwangtung	B15	S15	p9
In Northeast	B5	D29	p6
In Tanchan (Hopeh)	B16	D92	p2
In Taiwan	B12	D68	p5
In Taiwan	B15	S15	pp5-6
In Taiwan	B15	S15	pp7-8
CENTRAL BANK: Projected Revision of the Law Governing the (July 1946), and the Legislative Principles for this Revision (Feb. 14, 1947)	B7	A14	
CENTRAL CHINA, mineral deposits in	B2	D13	pp3-4
CENTRAL COOPERATIVE TREASURY	B14	S14	
Note: correction of misprint	B17		FII
See also	B18	D99	pp6-8
CENTRAL TRUST, silk trade undertaken by	B10	D57	pp11-12
	B20	S20	pp8-9
CHAMBER OF COMMERCE LAW, Draft of the (Jan. 19, 1946)	B16	A47	
CHEKIANG Alunite mines in	B14	D79	p7
Barium in	B2	D13	p5
Budget in 1946 and 1947	B9	D51	p2
Cotton production and collection in	B12	D70	p4
Number of machines in cotton textile mills in (1946-1948)	B20	D103	p6
Hydraulic power resources in	B22	S24	
Silk output and loans in (1947)	B16	D89	p3
Silk producing areas in	B20	S20	pp3-4
Tea in	B10	D57	p3
Tung oil in	B1	D3	p3
Tung oil in	B6	S6	
Tung oil in	B2	D15	p4
CHEKIANG-KIANGSU-ANHUI area, factories in	B2	D9	pp2-3
CHEMICAL Fertilisers loans granted by Farmers' Bank since Victory	B19	D102	p8
Industry in China	B2	D12	
Industry in N.E. (under N.E. Production Administration)	B12	D68	p5
Industry in Shanghai	B10	S10	
Industry in Taiwan	B11	S11	
Products of timber imported in 1946	B18	D100	
CH'IENT'ANG RIVER Projects	B10	D60	
CHILUNG: see KESLUNG	B22	S24	pp3-6
CHINA CLAY in Shensi	B4	D26	p9
CHINA MERCHANT'S STEAMSHIP COMPANY, tonnage of ships owned by	B3	D18	
CHINA SILK CORPORATION: Plan for increased output in 1947-1948	B10	D57	pp13-15
Silk trade undertaken by	B20	S20	pp8-9
CHINA TEXTILE INDUSTRIES, INC. (or China Textile Development Corporation): Output of cotton yarn and piece goods (Jan. 1946-Apr. 1948)	B20	D103	p3
% of spindles and looms in operation	B20	D103	p4
Reflections on government management of	B7	D40	

CHINA VEGETABLE OIL CORPORATION	B9	D53	
CHINGHAI, area and % of forest land in	B4	D27	
CH'INHUANGTAO, % of China's total imports and exports via (1947-1948)	B21	D105	p3
CIGARETTE Industry in Shanghai	B19	317	
Paper, supply and demand of	B17	D94	p6
CIRCULATION, MONETARY, Traffic condition of (Dec.1947)	B13	D73	
Velocity of	B13	D76	
See also CURRENCY			
CLAY: see CHINA CLAY			
CLOTHING imported	B2	D16	p5
COAL In China and its policy (1938-1948)	B15	D87,	B16 D90
Note: correction of misprint	B19		PIII
Bituminous, along Canton-Hankow Railway	B12	D71	p3
In North China, production, transport and price	B1	D6	
In Hunan	B3	D20	ppl-2
In Kiangsi	B1	D5	
	B20	321	
In Shansi	B2	D13	
In Tat'ung, Shansi	B2	D13	ppl-2
	B7	D43	
In T'ungkuan, Shensi	B9	39	
In Taiwan	B21	D107	
COMMERCE AND INDUSTRIES After the Monetary Reform of Aug.19, 1948	B22	323	
Crucial situation of in China	B9	D50	pp3-5
COMMERCIAL Banks: see BANKS			
Accounting Law (Jan.7, 1948)	B14	440	
Documents: see REVENUE STAMP DUTY LAW			
Guilds: see CHAMBER OF COMMERCE LAW			
Guild Law: see GUILD, Commercial, Law			
Registration: see REGISTRATION			
COMMODITY PRICES and currency inflation	B13	D75	
and rate of interest	B2	31	pl
Since Victory	B13	D75	
See also	B20	319	pp6-8
	B22	323	pp6,7
COMMODITY TAX In China, study of	B7	D44	
	B8	D46.	
Reaction to the enforcement of	B2	32	
Regulations (April 2, 1948)	B19	458	
Notes. 1) Revision of Art.14	B19		PII
2) Revision of Art.3,4 & 5 of (July 30, 1948) ..	B20	A62	
COMMUNISTS' LAND REFORM	B7	D41	
Note: correction of a misprint	B8		PI
Draft Regulations on the Enforced Sale of Land by the Land-Owners in the Border Areas of Shensi, Kansu and Ninghsia (Dec.21, 1946) ..	B7	A13	
COMPANY: foreign companies and the Chinese Company Law of April 12, 1946	B8	D45	
"CONSOLIDATED TAX"	B2	32	pp2-3
	B7	D44	

CONVERSION OF CAPITAL into Gold Yuan, Measures Governing Changes in the Registration of the Capital of Profit-seeking Enterprises after (Oct. 28, 1948)	B22 A70 B16 D88 B18 D88	
COOPERATIVE FARMS, Organisation and its problems ... In Northern Kiangsu	B5 D30 B17 B14 D82 B14 S14	p6 p2 PII p12
Note: correction of error In Shensi	B17 B14 D82 B14 S14	PII p12
COOPERATIVE TREASURY, CENTRAL	B17	PII
Note: correction of misprint	B17	PII
See also	B18 D99 B6 36 B18 D99	pp8-8 p8
COOPERATIVES, tea	B6 36 B18 D99	p8
COOPERATIVES since V-J Day	B2 D9	p2-3
COPPER MINES In Anhwei	B21 322	p12
In Kiangsi	B4 D26	pp12-13
In Shensi	B15 D84	pp2-3
COTTON, American, seed, in China	B19 S17	p10
In Honan	B12 D70 B17 S16	
Collection	B20 D103 B17 S16	p6
Control Commission, activities of	B4 D25	
its difficulties	B13 S13 B15 D84 B15 D83	pp4-6 p6 p9
Cultivation in Kiangsu, before and after the War	B20 D103 B11 D66 B12 D70 B13 S13 B15 D84 B17 S16 B20 D103	p10 pp2,5 p3
Fabrics, Chinese, and the reopening of private trade with Japan	B11 D66 B12 D70 B13 S13 B15 D84 B17 S16 B20 D103	pp2,5 p3
Ginning and marketing	B13 S13 B15 D84 B15 D83	pp3-5,7 pp1,2,6 pp2,5
Goods exported in 1947	B20 D103 B11 D66 B2 D16	p10 pp2,5 p3
Imports and official exchange rate	B21 D105 B4 D25 B15 D84 B19 D102 B15 D84	p2 pp5-6 p5 p5
Imports: % in the total imports for 1947 and Jan.-Apr. 1948	B12 D68 B11 D66 B12 D70 B13 S13 B15 D84 B17 S16 B20 D103	pp3-5,7 pp1,2,6 pp2,5 p6 p2 p3 pp2-3,8
Improvement Office, Central China	B12 D70 B14 D82 B12 D70	p4 p4 p5
Industry	B20 D103	
Loans	B20 D103 B6 35	p4
Mills under N.E. Production Administration ..	B20 D103	p3
Production and requirement	B1 D7 B16 D92 B20 D103	p3 p3 p5
See also CHINA TEXTILE INDUSTRIES INC.		

CREDIT INFLATION and its remedies B14 D80
 CRISIS, economic in China and how to avert
 disaster (May 1947) B9 D50
 CROP RETURNS in Sinkiang B2 D14
 CRYOLITE, use in refining aluminium B14 D79 p9
 CURRENCY Circulation, velocity of B13 D76
 In N.E., effect of civil war on B9 D52
 Inflation and banking business B13 D73 p7
 and commodity prices B13 D75
 and money market B13 D73 p7
 B22 323 pp5-6
 Issue (1945-1947) B10 D58 p2
 Reform of Aug. 19, 1948 B20 319
 B22 323
 Reform of Oct. 31, 1948 B22 323
 See also CRISIS
 CUSTOMS TARIFF: suggested reform and its applica-
 tion B2 D10

D

DEBENTURES, Land, for encouragement of owner
 farmers in pacification areas ... B17 D93
 DEPOSITS In banks under monetary inflation B13 D76 p4
 And loans, policy of Joint Head Office of
 the 4 Government Banks B5 D31
 DIESEL OIL import and its % in the total imports
 for 1947 and Jan.-Apr. 1948 B21 D105 p2
 DOLOMITE B4 D26 p10
 DYEING with indigo, process of B4 D28 p4
 DYE STUFFS Export in 1946 B10 D60 p3
 Raw materials: see BLEACHING POWDER;
 SODA, Caustic; SULPHUR BLACK; etc.
 DUTCH EAST INDIES, trade with: see SOUTH SEAS

E

ECONOMIC CRISIS in China (May 10, 1947) B9 D50
 ECONOMIC REFORM Of Aug. 19, 1948 B20 319
 B22 323
 Since Oct. 31, 1948 B22 323 pp7-8
 Measures, supplementary
 (Oct. 31, 1948) B22 323
 ECONOMIC REFORM PLAN (Aug. 1, 1947), a criticism
 of the B10 D58
 ELECTRIC POWER In China, development of network .. B6 D38
 In Chekiang, hydraulic B22 324
 In Hainan Island B7 D42
 In North-eastern Provinces B8 D48
 Hydro-, development in China B16 D89
 B17 D95
 B18 D98
 B11 311
 ENAMEL industry in Shanghai B11 311
 EXCESS PROFIT, controversy on the taxation of B8 38

EXCESS PROFIT TAX LAW, Special (Jan. 1, 1947)	B6	A10	
Application Rules of (Feb. 8, 1947)	B6	A11	
Note: abrogation	B17		FII
EXCHANGE RATE: see FOREIGN EXCHANGE RATE			
EXEMPTIONS FROM INCOME TAX	B8	A18	
	B9	A21	
	B11		FII
	B17		FII
EXPENDITURE, Public, in China, since V-J Day	B3	D17	
See also FINANCE			
EXPERIMENTAL DISTRICTS: see FACILITATION AREA 3			
EXPORT of Antimony	B15	D83	p9
Bristles	B15	D83	pp8-9
Cotton goods in 1947	B20	D103	pp10-11
Intestines	B15	D83	p9
Musk	B3	D19	
Oils undertaken by the China Vegetable			
Oil Corporation (1936-1946)	B9	D53	pp5-6
Raw silk (1914-1946)	B10	D57	pp9-11
Silk and silk products in 1946-1947	B20	D20	p5, 10ff
Silk products via Shanghai in 1946	B10	D57	p13
Tea in 1946	B10	D60	pp3-4
	B11	D65	pp4-5
Textile fabrics	B15	D83	p9
Timber products in 1946	B10	D60	pp3-5
Tin	B15	D83	p9
Tung Oil	B10	D60	pp3-4
	B15	D83	p8
	B22	D109	
Tungsten	B15	D83	p9
EXPORT TARIFF, Customs, suggested reform of	B2	D10	p3
EXPORT TRADE, Concentration of	B21	D105	pp6-7
After Currency Reform of			
Aug. 19, 1948	B20	D19	p12
	B22	D23	pp4-5
EXPORTS, Comparison between 1936 and 1947	B21	D105	p2
Japan, value of, to	B13	D13	p8
% representing various ports (Jan.-May 1947			
and Jan.-May 1948)	B21	D105	p3
Shensi, from	B14	D82	p10
Smuggled in 1947	B12	D67	p4
	B15	D83	p12
Values between 1937-1947	B11	D63	p2
Values in 1947	B12	D67	p1

F

FARMERS' BANK, Activities since Victory	B19	D102	
See GOVERNMENT BANKS			
FARM LOANS granted by Farmers' Bank since Victory ..	B19	D102	p5
FARMS, cooperative	B16	D88	
	B18	D99	
Note: correction of error	B17		FII
FERTILISERS in Taiwan	B18	D100	p8

FIBRE, Artificial, creation of industry in China ...	B5	34	
Production in Northeastern Provinces	B8	D49	
See COTTON, SILK			
Wood	B10	D60	
FINANCE, Local, difficult conditions of, in China ..	B9	D51	
Postal, in China	B9	D55	
Public, and long-term stability	B20	319	pp9-11
Public, in China since V-J Day	B3	D17	
See also BUDG.T., PUBLIC INCOME AND			
EXPENDITURE, etc.			
Readjustment of, Supplementary Measures			
for (Aug. 28, 1948)	B20	461	
FIXED ASSETS, on the Measures Governing the Re-			
valuation of, and Readjustment of the			
Capital of Industrial, Mining and			
Transportation Enterprises			
(Dec. 28, 1948)	B7	37	
FLAVOURING INDUSTRY in Shanghai	B11	311	pp2-3
FLOUR, production and requirement of	B11	D66	
FLUORITE mines in Shansi	B4	D26	p8
FLUORITE used for Cryolite in refining aluminium ...	B14	D79	p9
FOOCHOW, % of China's total imports and exports			
via (1947-1948)	B21	D105	p3
FOODSTUFFS imported	B2	D16	p5
FOREIGN BANKS: see BANKS			
FOREIGN COMPANIES and the Chinese Company Law of			
April 12, 1946	B8	D45	
FOREIGN EXCHANGE and trade in economic crisis			
(1947)	B9	D50	p4
Regulation and tea trade	B11	D65	
Requirement in 1947	B12	D67	pp2,4
Rate for importing cotton, rice,			
wheat and flour	B11	D66	
Rate since the Victory	B15	D83	
FOREIGN LOANS during the War	B11	D63	pp4-6
to Private Enterprises, Measures			
Governing the Examination and Approval			
of Applications for a Government			
Guarantee on (Jan.24,1948)	B16	446	
FOREIGN TRADE and exchange	B9	D50	
During 1937-1947	B11	D63	p2
Main trends after the War	B21	D105	
After the Currency Reform of			
Aug.19,1948	B22	323	pp4-5
Of Hongkong	B6	D39	
See also EXPORT, IMPORT, INTERNATIONAL			
PAYMENTS, SOUTH SEAS			
FOREIGNERS, Commercial businesses operated by,			
registration of	B13	436	
Land rights in China	B22	D108	p19
Note: Revision of Art.7 of the Points	B11	D62	
which all Local Government must			
take into consideration when			
dealing with cases on Foreign			
Land Rights (Feb.25,1947)	B18		PIII
FOREST PRODUCTS, an analysis of the trade in			
(1946)	B10	D60	

FORESTRY In Northeast, problem of	B4	D27	
In Northwest, problem of	B4	D27	
In Taiwan	B20	D104	
FORMOSA: see TAIWAN			
FRUIT, marketing of, in Sinkiang	B2	D14	p10
FUKIEN, Alunite mines in	B14	D79	p8
Barium in	B2	D13	p5
Silk producing areas in	B10	D57	p4
Tea in	B1	D3	p4
FUKIEN-KIANGSI RAILWAY, projected	B17	D96	
FUSHUN, coal output in	B1	D6	p1
	B16	D90	p2

G

GASOLINE import and its % in China's total imports for 1947 and Jan.-Apr. 1948	B21	D105	p2
GLASS INDUSTRY In Shanghai	B11	311	pp6-7
Under N.E. Production Administration	B12	D68	pp6-7
GOLD Mines In Altai Mountains	B10	D61	
In Hunan	B3	D20	pp7-8
In Shansi	B4	D26	p12
In Shantung	B1	D13	pp4-5
Placer, in Kiangsi	B21	322	p11
Quotations since Victory	B13	D75	pp6-7
Smuggling on Canton-Hankow Railway	B16	D91	p5
GOVERNMENT BANKS:			
Bank of China, remittance services in foreign countries	B1	D2	pp2-3
Bank of China, remittances through, in first half of 1946	B1	D2	p3
Business tax, exemption from	B5	A8	p2
Central Bank, Projected Revision of Law Governing (July 1946) and Legis- lative Principles for this Revision (Feb. 14, 1947)	B7	A14	
Central Cooperative Treasury	B14	314	
Note: correction of misprint	B17		PII
See also	B18	D99	pp6-8
Central Trust, silk trade undertaken by	B10	D57	pp11-12
	B20	320	pp8-9
Farmers' Bank, activities since Victory	B19	D102	
Joint Head Office of the 4 Government Banks and industrial loan policy ...	B18	D97	
And agricultural loan policy	B8	D47	
Postal Remittance & Savings Bank	B9	D55	
Unsound competition from	B13	D73	p5
Unsound practices of	B14	D80	
GOVERNMENT MANAGED ENTERPRISES:			
Reflections on their transfer to private interests with special reference to the China Textile Industries Inc.	B7	D40	
See CHINA TEXTILE INDUSTRIES, INC., CHINA SILK CORPORATION, CHINA VEGETI- TABLE OIL CORPORATION			

GUARANTEE, Government, on foreign loans to private enterprises	B16	A46	
GUILD, Commercial, Law (Jan. 14, 1938)	B16	A48	
Application Rules of (Oct. 6, 1938)	B16	A49.	
See also CHAMBER OF COMMERCE LAW			
Industrial Law (Oct. 27, 1947)	B12	A32	
Notes: 1) Transitional measures	B15		FP11, III
2) Correction of mistakes in			
Art. 16, 31 & 44	B16		PIII
Application Rules (Mar. 25, 1948)	B17	A52	
GYPNUM In Hunan	B15	S15	pp3-4
In Hupeh	B15	S15	pp3-4
In Shansi	R4	D26	pp7-8

H

HAINAN ISLAND	Electric power conditions in	B7	D42	
	Iron mines in	B2	D13	pp2-3
HARBOUR OF TANGKU		B11	D64	
HONAN, American seed tobacco plantation in		B19	S17	p10
	Coal in	B1	D6	
		B15	D87	pp11-11
	Cotton production and collection in	B12	D70	p3
	Flue-cured tobacco in (1946)	B5	D33	
	Provincial budget	B9	D51	p3
	Silk producing areas in	B10	D57	p4
HONGKONG, market conditions and foreign trade of ...		B6	D39	
HOPEH (or Hopsi)				
	Cement industry	B15	S15	
	Coal mining in	B16	D90	pp4-6
	Coal in Chingching	B1	D6	p2
	Cotton production and collection in	B12	D70	p3
	Silk producing areas in	B10	D57	p4
	Tangku Harbour	B11	D64	
HOUSSE, Lease of, New Interpretation of Land Law ...		B9	A24	
	Renting of, Regulations Governing the (Dec.1,1947)	B13	A39	
	Renting of, analysis of the Regulations Governing the (Dec.1,1947)	B14	D78	
		B15	D86	
	Subletting of	B14	D78	p8
HSIEN BANKS		B10	D58	pp2-3
HUAINAN coal mine (Anhwei)		B16	D90	pp7-8
HUNAN Coal		B12	D71	
		B15	D87	p9
	Cotton	B12	D70	p4
	Gypsum	B15	S15	pp3-4
	Minerals	B3	D20	
	Provincial budget in 1946	B9	D51	p2
	Silk producing areas	B10	D57	p3
	Tea	B1	D3	p2
HUPEH Coal		B16	D90	p8
	Cotton production	B12	D70	p3
	Gypsum	B15	S15	pp3-4
	Iron mines in Tayeh	B2	D13	p4
	Silk producing areas	B10	D57	p3
	Tea	B1	D3	p2
	Tung oil	B2	D15	p2

HYDRAULIC POWER resources in Chekiang B22 324
 HYDROCHLORIC ACID production in Shanghai B10 310 p6
 HYDRO-ELECTRIC DEVELOPMENT B13 D89
 B17 D85
 B13 D98

See also under ELECTRIC POWER

I

ICE FACTORY in Kwangtung B5 D29 p8
 IDLE CAPITAL and black market B13 D77
 IMPORT-EXPORT LINKING SYSTEM B22 323 pp11-12
 IMPORT QUOTAS For 1947; breakdown of the figures ... B15 D83 pp3-7
 For the first 6 quarters
 (Jan. 1947-July 1948) B21 D105 p4
 For the 7th & 8th quarters
 (Aug. 1948-Jan. 1949) B20 319 p12
 B21 D105 p4
 IMPORT TRADE In 1947 B12 D67 p1
 B15 D83 p5
 Smuggled B12 D67 pp3-5
 Sacrificed to Government finance B21 D105 p4
 Currency Reform of Aug. 19, 1948,
 after the B22 323 pp4-5
 IMPORT TARIFF, Customs, suggested reform of B2 D10 p3
 IMPORTS, Classified (1946) B2 D16 pp2-5
 B15 D83 pp1-2
 Comparison between 1936 and 1947 B21 D105 p2
 Value of (1937-1947) B11 D63 p2
 Consequences of, on China's national
 industry B2 D16
 Currency Reform of Aug. 19, 1948, influence
 of, on, B20 319 p12
 From Japan, value of B13 313 p9
 Artificial silk (1937-1939) B5 34 pp1-2
 Cement (1933-1937) B5 D32 p3
 Cotton B2 D16 p3
 B11 D66 pp2,5
 B21 D105 p2
 Flour B11 D66 pp2-3
 B21 D105 p2
 Forest products (1946) B10 D60
 Gold B11 D83 p15
 Mineral oil, % in China's total
 (1947, Jan.-Apr. 1948) B21 D105 p2
 Paper (1931-1945) B10 D60 p4
 Paper, drawing and banknote, % in China's
 total (1947, Jan.-Apr. 1948) B21 D105 p2
 B11 D66 pp2-3
 B13 D75 p8
 B21 D105 p2
 Rubber goods B13 318 pp8-9
 Silver (1930-1947) B13 D74 pp4-5
 Tropical products from South Seas B9 D56 pp5-6
 B11 D66
 Wheat B11 D66 pp2-3
 B21 D105 p2
 Wool, % in China's total (1947, Jan.-
 Apr. 1948) B21 D105 p2
 See also FOREIGN TRADE, INTERNATIONAL
 TRADES.

INCOME AND EXPENDITURE, PUBLIC, in China since			
V-J Day	B3	D17	
Ratio between (1936			
-1947)	B20	319	pl1
See also FINANCE,			
Public			
INCOME TAX LAW of Apr. 16, 1946	B1	A1	
Enforcement Rules of (July 3, 1946) ..	B1	A2	
Of Apr. 1, 1948	B17	A50	
For Revisions, Detailed Regulations,			
Amounts of Tax Exemptions, Scales			
of Taxation, etc., see under			
TAXATION.			
INDEMNITIES from Japan	B1	D1	p5
INDIGO of Lop'ing in Kiangsi Province	B4	D28	
INDIVIDUALLY OWNED BUSINESSES, trade names and			
registration of	B22	D108	
INDO-CHINA, trade with: see SOUTH SEAS			
INDUSTRIAL ENTERPRISES, Revaluation of fixed assets &			
readjustment of capital			
of	B7	37	
See also INDUSTRY			
INDUSTRIAL GUILD LAW (Oct. 27, 1947)	B12	A32	
Notes: 1) Correction of mistakes in			
Art. 16, 31 and 44	B16		PIII
2) Transitional measures	B15		PFII, III
Application Rules of (Mar. 25, 1948)	B17	A52	
INDUSTRIAL LOAN policy of the Joint Head Office			
of the 4 Government Banks	B18	D97	
INDUSTRY, Chinese, since the conclusion of War	B2	D9	
And commerce in China, crucial situa-			
tion of	B9	D50	pp3-4
After Currency Reform			
(Aug. 19, 1948)	B22	S23	pp2-4
Kwangtung, Provincial	B5	D29	
Developments in 1947	B16	D92	
in 1948	B22	D110	
In Northeast	B2	D9	pp4-5
Under N.E. Production Administration	B12	D68	
In Shanghai	B14	D81	
In Shensi	B14	D82	
See also ALKALI, ALUMINIUM, ARTIFICIAL			
FIBRE, CEMENT, CHEMICAL, COTTON,			
COTTON TEXTILES, ENAMEL, FLOUR, GOVERN-			
MENT MANAGED ENTERPRISES, PAPER, RUBBER,			
SUGAR, TIMBER, TOBACCO, WOOD FIBRE,			
etc.			
INFLATION, And banking business	B13	D73	p7
And commodity prices	B13	D75	
And money market	B13	D73	p7
Causes of	B3	D17	p4
Of credit	B14	D80	
In Taiwan	B3	D22	p8
See also CURRENCY.			
INHERITANCE TAX LAW (Apr. 16, 1946)	B11	A28	
Application Rules of (July 12, 1947)	B11	A29	
Revised estate tax, Joint Rule of Tax-			
ation and Deduction Granted (Aug. 25,			
1948)	B20	A61	pp6-7

INSURANCE, Business tax on, special	B9	A22	
	B9	A23	
Influence of stamp duties and Govern- ment control on development of in China	B4	D24	
Life, simplified	B9	D56	pp5-6
INTEREST, Rate of, in postwar China	B2	31	
	B10	L58	
Regulations for Controlling Rate of, (Dec. 19, 1947)	B13	A37	
INTERNATIONAL PAYMENTS	B11	D63	pp16-17
	B12	D67	pp3-4
	B15	D63	pp12-13
Problems of China's postwar	B1	D1	
and Currency Reform (Aug. 19, 1948) ..	B20	319	p11
See also OVERSEAS CHINESE REMIT- TANCES, TRADE, etc.			
INTERESTS, export of	B15	D83	p9
IRON MINES In Szechwan	B2	D13	p1
In Hainan Island	B2	D13	pp2-3
In Hunan	B3	D20	pp2-3
In Kiangsi	B21	D22	pp1-4
In Kiangsu	B2	D13	p4
In Shensi	B4	D26	pp3-7
IRON WORKS in Kwangtung	B16	D92	p2
In Shanghai	B15	D85	
Under N.M.P. Production Administration	B12	D68	pp2-3
IRRIGATION in Shensi	B14	D82	

J

JAPAN, reopening of private trade with	B13	S13	
JAPANESE Competition in South Seas trade	B9	D56	pp2-3
	B21	D106	pp5-6
Mineral prospecting during occupation of China	B2	D13	
War reparation to China	B11	D63	p10
JEHOL, Coal in	B1	D6	
	B16	D90	pp2-4
Vanadium in	B2	D13	p5
JOINT HEAD OFFICE OF THE FOUR GOVERNMENT BANKS:			
Policy concerning deposits and loans	B5	D31	
Agricultural loan policy	B8	D47	
Industrial loan policy	B18	D97	
See also GOVERNMENT BANKS			

K

KAILAN (or K'ai-luan), Coal in	B1	D6	
See HOFEH			
KANSU, Area and % of forest land of	B1	D27	
Coal mining in	B15	D87	p13
Hydro-electric power plant in	B16	D89	p14
Hydro-electric power project in	B18	D98	p3
Tea in	B1	D3	p5

KAOHSIUNG, % of China's total exports via (1947 and 1948)	B21	D105	p3
See also TAIWAN			
KAOLIN in Shansi	B4	D26	p9
KSELUNG, % of China's imports and exports via (1947 and 1948)	B21	D105	p3
See also TAIWAN			
KEY MONEY	B14	D78	p5
See RENTING OF HOUSES			
KIANGSI, Budget, Provincial, in 1945	B9	D51	p3
Coal mining in	B1	D5	
	B15	D87	p10
	B20	D21	
Coal mines at To Loh, Northern	B1	D5	
Indigo of Jap'ing in	B4	D28	
Metallic ores in	B21	D22	
Railway, Fukien-, projected	B17	D96	
Tea in	B1	D3	pp2-3
	B6	D36	
Tung oil in	B2	D15	p4
KIANGSU, Budget, Provincial, in 1946 and 1947	B9	D51	p2
Cement factories in	B15	D15	p7
Coal mining in	B16	D90	p8
Cooperative farms in Northern	B16	D88	p6
Cotton cultivation in, before and after the War	B4	D25	
Production and collection in	B12	D70	p3
Textile mills in (6th District), number of machines in (1946-1948)	B20	D103	p6
Iron mines in, prospecting of	B2	D13	p4
Silk output and loans in, (1947)	B20	D20	pp3-4
Tea in	B1	D3	p3
See also SHANGHAI			
KIANGSU-CHEKIANG-ANHWEI area, factories in	B2	D9	pp2-3
KILIN (or Kirin), Forested area and timber reserves of	B4	D27	
See NORTHEAST			
KOWLOON, % of China's imports and exports via (1947 and 1948)	B21	D105	p3
KWANGSI, Coal mining in	B15	D87	p8
Hydro-electric project in Liukiang	B18	D98	p4
Silk producing areas in	B10	D57	p4
Tea in	B1	D3	p4
Tung oil in	B2	D15	
KWANGTUNG, Canton-Hankow Railway	B16	D91	
Cement factories in	B15	D15	p9
Coal mining in	B12	D71	
	B15	D87	pl1
	B16	D92	p7
Hydro-electric project in Wengkiang	B16	D89	p4
	B18	D98	p3
Industrial and mining developments in 1947	B16	D92	
in 1948	B22	D110	
Industries, Provincial	B6	D29	
Paper mills in	B17	D94	p5
Rubber industry in Canton	B19	D18	
Silk producing areas in	B10	D57	p4
Cotton and loans in (1947)	B20	D20	pp3-4
Exports via Canton (1946-1948)	B20	D20	p6
Tea in	B1	D3	p3

KWEICHOW, Aluminium in	B14	D79	pp2-3
Alunite mines in	B14	D79	p8
Coal mining in	B15	D87	pp7-8
Hydro-electric project in	B16	D89	p16
Rubber industry in Kweiyang	B19	318	p7
Silk producing areas in	B10	D57	p3
Tea in	B1	D3	pp4-5
Tobacco, American-seed, plantation in	B19	317	p11

L

LAKE SALT in Shensi	B4	D26	pp11-12
LAND, Compulsory purchase of, for cooperative farms	B16	D88	p6
Expropriation (in Land Law)	B6	D36	pp10-11
Enforced Sale of, by the Land-owners in the Border Area of Shensi, Kansu and Ninghsia, Draft Regulations on the (Dec.21, 1946)	B7	A13	
Reforms conducted by Nationalists and Communists	B7	D41	
Note: correction of a misprint on p.2 of D41	B8		PI
Registration (in Land Law)	B4	D23	pp12-15
Use of (in Land Law)	B5	D30	
See also LAND DEBENTURES, LAND LAW, LAND RIGHTS, LAND TAXES, RENTING OF HOUSES, etc.			
LAND DEBENTURES for encouragement of owner-farmers in Pacification Areas	B17	D93	
LAND LAW, New and old compared	B4	D23	
	B5	D30	
	B6	D36	
Note: correction of a misprint on p.10 of D36	B7		PI
(Apr.29,1946): lease of houses, new interpretation from Judicial Yuan (June 24,1947) of the provision of the, concerning	B9	A24	
LAND RIGHTS	B4	D23	pp3-12
Of foreigners in China	B11	D62	
Points which all Local Governments Must Take into Consideration When Dealing with Cases on Foreign Land Rights (Feb.25,1947)	B11	D62	pp5-7
Note: revision of Art.7	B18		PIII
LAND TAXES	B6	D36	pp4-10
Levy of land increment tax in Shanghai ..	B20		PII

LAWS & REGULATIONS:

ACCOUNTING LAW, Commercial (Jan.7,1948)	B14	A40	
	B16		PII
Note: correction of mistake in Art.3	B17		PII

LAW & REGULATION: (continued)

ASSETS Of Profit-seeking Enterprises, Methods of Evaluating (July 3, 1946)	B8	A16	
Fixed, of Industrial, Mining and Transportation Enterprises, Measures Governing the Revaluation of (Dec. 28, 1946)	B7	S7	pp6-8
Note: revision of formula for computation	B16		FII
Valuation of, Methods of Readjusting (Feb. 21, 1947)	B8	A17	
BANKING LAW, Projected Revision of the (1946)	B3	A3	
(Sept. 1, 1947)	B8	A15	
	B9	A20	
	B10		FII
Notes: 1) Application of Art. 43 temporarily suspended	B10		FII
2) Names of banks	B13		FIII
3) Restrictions of bank investments	B13		FIII
4) Separate business licence for each branch or sub-branch	B13		FIII
5) Opening of provisional offices by banks and removal of Savings or Trust Departments from the original business location	B14		FII
6) Explanation of some terms given by Ministry of Finance	B16		FII, III
BANKS, Private: Regulations Governing Readjustment of Capital (Sept. 6, 1948)	B21	A64	
Notes: 1) Change in the formula for computation	B22		FII
2) Special measures for Banks unable to increase their capital	B22		FIII
Private: Explanation of Regulations Governing Readjustment of Capital, (Oct. 12, 1948)	B21	A65	
Private: Order of Procedure for Readjustment of Capital (Sept. 21, 1948)	B21	A66	
Note: extension of time limit	B22		FIII
Private: Regulations Governing the Utilisation of Readjusted Capital Deposited as capital	B21	A67	
BUDGET, Measures Governing the General, of Central Government for 1947 (Aug. 5, 1946)	B3	A5	
BUSINESS TAX LAW: see under TAXATION			
BUSINESS TAX LAW, SPECIAL: see under TAXATION			

LAW & REGULATIONS: (continued)

CENTRAL BANK OF CHINA, Projected Revision of the Law Governing the (July 1946) and the Legislative Principles for this Revision (Feb.14,1947) B7 A14

CHAMBER OF COMMERCE LAW, Draft of the (Jan.1948) B16 A47

COMMODITY TAX REGULATIONS: see under TAXATION.

EXCESS PROFIT TAX LAW, SPECIAL: see under TAXATION.

FINANCE, Supplementary Measures for the Readjustment of (Aug.26,1948) B20 A61

GUILD LAW, COMMERCIAL (Jan.13,1938; B16 A48

Application Rules of (Oct.6,1938) ... B16 A49

GUILD LAW, INDUSTRIAL (Oct.27,1947) B12 A32

Notes: 1) Transitional measures B15

2) Correction of mistakes in Art.16,31 & 44 B16

Application Rules of (Mar.25,1948) .. B17 A52

INCOME TAX LAW: see under TAXATION.

INHERITANCE TAX LAW: see under TAXATION.

INTEREST, Regulations for Controlling the Rate of (Dec.19,1947) B13 A37

LAND LAW (Apr.29,1946) B4 D23

B5 D30

B6 D36

LAND, Draft Regulations on the Enforced Sale of, by the Land-owners in the Border Areas of Shensi, Kansu & Ninghsia (Dec.21,1946) ... B7 A13

LAND RIGHTS, Points which all Local Governments must Take into Consideration when Dealing with Cases on Foreign (Feb.25,1947) B11 D62 pp5-7

Note: revision of Art. 7 B18

LICENCE TAX LAW, BUSINESS: see under TAXATION.

LOANS, Regulations Governing the Provisional Committee for the Examination and Approval of, Granted to Productive Enterprises (Dec.1946) B5 D31 pp9-10

Measures Governing the Examination and Approval of Applications from Private Enterprises for Government Guarantee on their Foreign (Jan.24,1948) B16 A46

MINERAL PRODUCT TAX REGULATIONS: see under TAXATION.

REGISTRATION LAW, COMMERCIAL (Draft) (1947) B13 A36

REGISTRATION:

Measures Governing Application for Registering Profit-seeking Enterprises and Business Offices of Persons in Liberal Professions (Oct.28,1947) B14 A41

Regulations Governing Application for Registering Profit-seeking Enterprises and Business Offices of Persons in Liberal Professions (May 16,1948) B19 A59

Measures Governing Changes in the Registration of the Capital of Profit-seeking Enterprises after Conversion into Gold Yuan (Oct. 26, 1948) B22 A70

LAW & REGULATIONS: (continued)

RENTING OF HOUSES, Interpretation from the Judicial Yuan (Feb. 23, 1947) B9	A24	
Regulations Governing the (Dec. 1, 1947) B13	A39	
See also LAND LAW.		
STAMP DUTY LAW, REVENUE: see under TAXATION.		
TRADE MARK LAW, Projected Revision of the (1948) B22	A73	
LEAD MINES In Hunan	B3 D20	p6
In Shansi	B4 D26	p15
In Kiangsi	B21 D22	p11
LEASE OF HOUSES: see RENTING OF HOUSES.		
LEATHER, Commodity Tax on	B2 D2	p6
See also TANNING.		
LEND-LEASE materials obtained by China (1937-1947)	B11 D63	p4
LIAONING, Aluminium in	B14 D79	p6
Alumite mines in	B14 D79	p7
Cement Industry in	B15 D15	pp6-7
Coal in	B16 D90	p2
Cotton in	B12 D70	p4
Silk producing areas in	B10 D57	p9
See also NORTH-EAST.		
LIBERAL PROFESSIONS, business offices of persons in:		
See REGISTRATION.		
LIBERATED AREAS, land question in	B7 D41	pp5-6
LICENCE TAX LAW, BUSINESS (Dec. 5, 1946)	B7 D12	
LICENCE TAX LAW, BUSINESS (Nov. 14, 1947)	B12 D33	
In Shanghai, Rules governing the collection of the (June 30, 1947)	B11 D31	
In Shanghai, Rules governing the collection of the (1948)	B19 D60	
LICENCES & PERMITS, Stamp duty on: see REVENUE		
STAMP DUTY LAW.		
LIFE INSURANCE, Simplified	B9 D55	pp5-6
See also INSURANCE.		
LIMESTONE In Shansi	B4 D26	p10
See CEMENT.		
LINGNAN REGION, Tea in	B1 D3	p3
See KWANGTUNG.		
LOANS, Agricultural, in China	B8 D47	
Agricultural, granted by Farmers' Bank since Victory	B19 D102	p4
Cooperative Treasury (Central) granted by	B14 D14	pp6-7
Chemical fertilisers, granted by Farmers' Bank since Victory	B19 D102	p8
Cotton	B15 D84	p5
Foreign, During 1937-1947	B11 D63	pp16-18
Industrial, policy of Joint Head Office of 4 Government Banks	B18 D77	
Land, granted by Farmers' Bank since Victory.	B19 D102	p9
Policy of Joint Head Office of 4 Govt. Banks.	B5 D31	
Production, increase of	B10 D58	
To Productive Enterprises, Regulations for (Dec. 1946)	B5 D31	p9
Silk	B10 D57	p2
	B19 D102	p5
Tea	B11 D65	pp1-4
LOU'ING IN KIANGSI, indigo of	B4 D28	

M

MACHINERY & TOOLS, Import of	B2	D16	p3
See also COTTON TEXTILE INDUSTRY: Mills, equipment.			
MALAYA, trade with: see SOUTH CHINA.			
MANCHURIA: see NORTHEAST.			
MANGANESE mines in Hunan	B3	D20	p5
In Kiangsi	B21	D107	pp1,4,5
In Shansi	B4	D26	p14
MATCHES, Commodity Tax on	B2	S2	p5
See COMMODITY TAX.			
Production in Shanghai	B10	S10	pp7-10
Raw materials, annual requirements in Shanghai	B11	S11	pp10-15
In Taiwan	B6	D37	p3
MEASURES & WEIGHTS in Taiwan	B6	D37	p4
MEDICINAL SUBSTANCES, Export of (1946)	B10	D60	p3
See PHARMACEUTICAL INDUSTRY.			
MERCURY in Hunan	B3	D20	p8
METALLIC ORES in Kiangsi	B21	S22	
See METALS.			
METALS, Rare: niton, titanium, uranium, iridium, etc. in Northeast	B2	D13	p5
See ALUMINIUM, ANTIMONY, BARIUM, COPPER, GOLD, IRON, LEAD, MANGANESE, MOLYBDENUM, SILVER, STEEL, TUNGSTEN, ZINC, etc.			
MICA mines in Shansi	B4	D26	pp8,9
MINERAL PRODUCT TAX Regulations (Feb.5, 1947)	B21	A68	
Rules Governing Collection of (July 9, 1948)	B21	A69	
MINES in Central China	B2	D13	pp3-4
In Hunan	B3	D20	
In Kiangsi	B21	S22	
In Shansi	B4	D26	
Japanese prospecting of, in China during occupation	B2	D13	
See ALUMITE, ANTIMONY, BARIUM, COAL, COPPER, GOLD, IRON, LEAD, MANGANESE, MERCURY, METALS, rare: MICA, MIRABILITE, MOLYBDENUM, SILVER, SULPHUR, TUNGSTEN, ZINC, etc.			
MINING Developments in Kwangtung in 1947	B16	D92	
In 1948	B22	D110	
In Shensi	B14	D82	pp7-9
Enterprises, revaluation of fixed assets and readjustment of capital of	B7	37	
See MINES.			
MIRABILITE in Shansi	B4	D26	p11
MOLYBDENUM Mines in Hunan	B3	D20	p5
Ore in Kiangsi	B21	D22	p11
MONETARY Circulation; INFLATION; DEFLATION			
See CURRENCY.			
MONETARY MARKET: see BANKING, COMMODITY PRICES, CREDIT INFLATION, CRISES, CURRENCY, IDLE CAPITAL, etc.			
MUKDEN (or Fengyang): see NORTHEAST.			

N

NEWSPRINT, supply and demand of	B17	D94	p6
See also PAPER.			
NINGHSIA, area and % of forest land of	B4	D27	
NITRIC ACID Industry in China	B2	D12	p2
Production in Shanghai	B10	S10	p6
See also CHEMICAL Industry.			
NORTH CHINA, Cement industry in	B15	315	pp5-6
Coal production, transportation and price in	B1	D6	
Electric power grid in	B6	D38	
Production of electricity, coal, alumina shale, cast iron, salt, bromine, soda ash, gypsum, carbide of calcium, cotton in	B2	D9	pp3-4
See also HONAN, HOPEI, SHANSHI, SHANTUNG, TIENTSIN, TSINGTAO, etc.			
NORTHEAST, Aluminium in Liaoning	B14	D79	p11
Coal mining in	B15	D87	
	B16	D90	
Coal output in Fushun	B1	D6	p1
	B16	D90	p2
Cotton production & collection in Liaoning	B12	D70	p4
Cotton textile industry in	B6	S5	pp2-3
Currency in, effects of civil war on	B9	D52	
Electric power in	B8	D48	
Electric power network in	B6	D38	
Fibre production in	B8	D49	
Forestry in	B4	D27	
Industries in	B2	D9	pp4-5
Industries under N.E. Production Administration	B12	D68	
Metals, rare (niton, titanium, uranium, iridium, etc.)	B2	D13	p5
Power Bureau	B18	D98	p5
Rubber industry in	B19	S18	p7
Textile industry in	B8	D49	
NORTH-EASTERN Production Administration, factories under	B12	D68	
NORTHWEST, Problem of forestry in	B4	D27	
See also KANSU, SHENSI, SINKIANG, TSINGHAI, etc.			
NOTE ISSUE (1945-1947)	B10	D58	p2
After Currency Reform of Aug. 19, 1948	B22	323	pp5-6
And Private Holding of Gold, Silver & Foreign Currencies, Revised Regulations Governing, (Nov. 11, 1948)	B22	323	pp8-11
See also CURRENCY.			

O

OIL shales in Shansi	B4	D26	p9
OIL TRUST: China Vegetable Oil Corporation	B9	D53	
See also GOVERNMENT MANAGED ENTERPRISES.			

OILS & WAXES, Export of B15 D83
 See also TUNG OIL.
 OVERSEAS CHINESE, Postwar conditions of B1 D2 p1
 Rehabilitation of B9 D56 p4
 Remittances B1 D2
 B11 D63 pp11-13
 B12 D67 pp3-4
 B15 D83 pp11-19
 B20 S19 p13
 B9 D56 pp4-5
 Supplies for
 OWNER-FARMERS, Encouragement of, in Pacification
 Areas B17 D93
 See also LAND Reforms, LAND LAW,
 LAND RIGHTS, LAND TAXES, etc.

P

PACIFICATION AREAS, Cooperatives in B18 D99 p9
 Land Administration in B7 D41 p7
 B17 D93
 Land debentures for encourage-
 ment of owner farmers in B17 D93
 See also LAND Reforms.
 PAPER, Drawing & banknote, import & its % in China's
 total imports (1947, Jan.-Apr.1948) B21 D105 p2
 Import (1931-1946) B10 D60 p4
 Industry in China B17 D94
 Mills in Kwangtung B18 D92 p2
 Under the N.E. Production Administra-
 tion B12 D68 p7
 B17 D94 p2
 B17 D94 p6
 B17 D96 p4
 Products along the Fukien-Kiangsi Railway ...
 PARTNERSHIPS, trade names & registration of B22 D108
 PATENT LAW, analysis of B19 D101
 PAYMENTS, balance of: see INTERNATIONAL PAYMENTS.
 PEIPING, Rubber Industry in B19 S18 pp5,14
 See also HOPEH.
 PERIODICALS, Chinese Economic: see list at begin-
 ning of each Monthly Bulletin.
 PERMITS & LICENCES, stamp duty on: see REVENUE
 STAMP DUTY LAW.
 PERSONAL AFFAIRS, documents on, stamp duty on: see
 REVENUE STAMP DUTY LAW.
 PHARMACEUTICAL INDUSTRY In Shanghai B11 S11 ppl-2
 Raw materials, annual re-
 quirements in Shanghai B11 S11
 Under N.E. Production Adminis-
 tration B12 D68 pp6-7
 See also MEDICINAL SUBS-
 TANCES.
 PHILIPPINES, trade with: see SOUTH CHINA.
 PHOTOGRAPHIC BLOCK factories in Shanghai B11 S11 pp5,10-
 15
 PLASTER INDUSTRY Under N.E. Production Administra-
 tion B11 S11 p5
 See also GYPSUM.

PORTS of Export, main, in 1947 & 1948 B21 D105 p3
 Import, main, in 1947 & 1948 B21 D105 p3
 See also CANTON, SHANGHAI, TANGKU,
 TSINGTAO, etc.
 POSTAL FINANCE, evolution of China's B9 D55
 POSTAL REMITTANCE & SAVINGS BANK B9 D55
 See also GOVERNMENT BANKS.
 POTASSIUM in North China B2 D12 p1
 POTTERY INDUSTRY Under N.E. Production Administra-
 tion B12 D68 pp6-7
 See also CHINA CLAY, KAOLIN.
 PRICES: see COMMODITY PRICES.
 PRINTING PRESS under N.E. Production Administration . B12 D68 p8
 PRIVATE BANKS: see BANKS, Private.
 PRIVATE ENTERPRISES, Government guarantee of
 foreign loans to B16 .46
 PRIVATE HOLDING of Gold, Silver & Foreign Curren-
 cies, Revised Regulations Govern-
 ing Note Issue and, (Nov.11,1948) . B13 D74
 B22 323 pp8-11
 PRODUCTION LOANS: see LOANS.
 PRODUCTIVE ENTERPRISES, investment in, by Commer-
 cial Banks B2 D11
 See also INDUSTRY, INDUSTRIAL
 ENTERPRISES.
 PROFIT-SEEKING ENTERPRISES: see .33213, INCOME TAX
 (under TAXATION), REGISTRATION.
 PROFIT TAX LAW, EXCESS, SPECIAL (Jan.1,1947) B6 410
 Application Rules of (Feb.8,1947) . B6 411
 Note: abrogation (Apr.1,1948) B17 PII
 PROPERTY, documents of, stamp duty on: see REVENUE
 STAMP DUTY LAWS.
 PROPERTY TAX B10 D59
 PROVINCIAL BUDGETS in 1946 & 1947 B9 D51 pp2-3
 PUBLIC INCOME AND EXPENDITURE in China since V-J
 Day B3 D17
 Ratio between (1936-
 1947) B20 S19 p11
 See also BUDGET; FI-
 NANCE, Public.
 PUBLIC FINANCE: see FINANCE, Public.

QUOTAS, import For 1947: breakdown of the figures .. B15 D83 pp5-7
 For the first 6 quarters (Jan.1947-
 July 1948) B21 D105 p4
 For the 7th & 8th quarters (Aug.1948-
 Jan.1949) B20 S19 p12
 B21 D105 p4

R

RAILWAY, Canton-Hankow	B16 D91	
Bituminous coal along the ...	B12 D71	
Fukien-Kiangsi, projected	B17 D96	
RATE OF INTEREST: see INTEREST.		
RAW MATERIALS, Import of	B2 D16	p2
See COTTON, SILK, CHEMICALS, etc.		
RAW SILK: see SILK.		
READJUSTMENT OF THE CAPITAL OF PRIVATE BANKS:		
see BANKS, Private.		
READJUSTMENT OF FINANCE: see FINANCE.		
REALGAR mines	B3 D20	pp8-15
REFORMS: see CURRENCY Reform, LAND Reforms, etc.		
REGISTRATION, Cadastral (in Land Law)	B4 D23	pp12-15
Commercial, Law (Draft) (1947)	B13 A36	
Of commercial businesses	B22 D108	
Profit-seeking Enterprises and Business Offices of Persons in Liberal Professions, Measures Governing Application for Registering (Oct.28, 1947)	B14 A41	
Profit-seeking Enterprises and Business Offices of Persons in Liberal Professions, Regulations Governing Application for Registering (May 18, 1948)	B19 A59	
Of the Capital of Profit-seeking Enterprises after its Conversion into Gold Yuan, Measures Governing Changes in the (Oct.26, 1948)	B22 A70	
REGULATIONS: see LAWS & REGULATIONS.		
RELIEF GOODS for China, from UNRRA	B11 D63	p9
REMITTANCES, Overseas Chinese	B1 D2	
	B11 D63	
	B12 D67	
	B15 D83	
	B20 S19	
Bank of China, services in foreign countries	B1 D2	pp2-3
Through, in first half of 1946	B1 D2	p3
Postal, evolution	B9 D55	pp1-3
Postal Administration, undertaken by the Chinese	B9 D55	pp6-7
Postal Savings and, Bank	B9 D55	
RENTING OF HOUSES, Interpretation from the Judicial Yuan (Feb.25, 1947)	B9 A24	
Regulations Governing the (Dec.1, 1947)	B13 A39	
Regulations, Analysis of the (Dec.1, 1947)	B14 D78	
	B15 D86	
See also LAND LAW.		
REOCCUPIED ZONES, industries and mines taken over in	B2 D9	
REVENUE STAMP DUTY: see STAMP DUTIES; STAMP DUTY LAW, REVENUE.		

S			
SALARY OR WAGES, Rates of Taxation on Income of			
Class II Section B from Fixed (for Aug.-Oct.			
1947, Nanking and Shanghai)	B12	A34	
See also INCOME TAX under TAXATION.			
SALES INVOICES, Revenue Duty Stamps on (Oct.25,1947)	B13	A38	
See also STAMP DUTY LAW.			
SALT TAX	B20	A61	p3
SALTPETRE in Shansi	B4	D26	pl1
SAVINGS, Postal: evolution	B9	D55	pp3-5
SHALE OIL in Shansi	B4	D26	pp9-10
SHANGHAI, Business Tax, Enactment concerning the			
Simplified Investigation and Collection			
of the (Oct.18,1948)	B22	A71	
Business Tax, Notice concerning the Sim-			
plified Investigation and Collection of			
the, for Autumn 1948 (Oct.20,1948)	B22	A72	
Celluloid industry in	B11	S11	p5
Cement factories in	B15	S15	p7
Chemical industries in	B10	S10	
Chemical raw materials, annual require-	B11	S11	
ments in	B11	S11	pp10-15
Cigarette industry in	B19	S17	
Cotton textile industry in	B1	D7	
	B6	S5	pp2,3
Cotton mills of the China Textile Indus-			
tries, Inc., number of machines in,			
(1946-1948)	B20	D103	p6
Enamel industry in	B11	S11	pp8-9
Exports via, % of China's total (1947,			
1948)	B21	D105	p3
Export via, after Currency Reform of Aug.			
19, 1948	B22	S23	pp4-5
Export of silk via, (1946-1947)	B20	S20	
Glassware industry in	B11	S11	pp6-7
Imports via, % of China's total, (1947,			
1948)	B21	D105	p3
Industries in, during 1947	B14	D81	
Industries and commerce in, after Currency			
Reform of Aug.19,1948	B22	S23	pp2-4

SHANGHAI (continued)			
Iron and steel works in	B15	D85	
Licence Tax, Business, Rules Governing the Collection of the (June 30, 1947)	B11	A31	
(1948)	B19	A80	
Money market in, after Currency Reform of Aug. 19, 1948	B22	323	pp5-6
Municipal budget in 1946 and 1947	B9	D51	p3
Paper mills in	B17	D94	pp2-4
Pharmaceutical industry in	B11	311	pp1-2
Photographic blocks factories in	B11	311	p5
Rubber factories in	B10	310	pp10, 11
	B19	318	pp2-4
Soap industry in	B11	311	
Stock Exchange	B6	D35	
SHANSI, Coal in	B1	D6	
Coal mines in Tatung	B7	D43	
Forest land of, area and % of	B4	D27	
Mineral resources in	B3	D26	
Silk producing areas in	B10	D57	p4
SHANTUNG, Aluminium industry (Bayer Method) in	B14	D79	pp13-15
Alunite mines in	B14	D79	pp2, 7
Coal mining in	B16	D90	p6
Cotton production and collection in	B12	D70	p4
Gold mine in Chaoyuan and Pingtu	B2	D13	pp4, 5
Silk producing areas in	B10	D57	p4
Tobacco seed, American plantation in	B19	317	p10
See also TSINGTAO			
SHENSI, Budget, provincial in 1947	B9	D51	p3
Coal mine in	B9	39	
	B15	D87	p12
Cotton production and collection in	B12	D70	p4
Economy of, through statistical figures	B14	D82	
Hydro-electric project in	B16	D89	p17
Irrigation in	B14	D82	p3
Silk producing areas in	B10	D57	p4
Tea in	B1	D3	p5
Tung oil in	B2	D15	p4
SHIPPING, Present conditions of Chinese	B3	D18	
Enterprises, Methods for Investigation and Collection of Business Tax on	B15	A44	
See also CHINA MERCHANT'S STEAMSHIP COMPANY, BUSINESS TAX.			
SIAM, trade with: see SOUTH SEAS.			
SIKANG, Coal mining in	B15	D87	p6
Hydro-electric power in	B15	D89	p14
SILICA in Shansi	B4	D26	pp10, 11
SILK Production and trade	B10	D57	
	B20	320	
Export (1946-1947)	B15	D83	p2
	B20	320	p5
Products, ports of export of	B10	D57	p13
exporting agents	B10	D57	pp11-13
Loans	B10	D57	p2
	B19	D102	p7
	B20	320	p5
SILVER In private hands, estimation of quantity of .	B13	D74	
	B20	319	p6
Surrender of, held by the people (in the Currency Reform of Aug. 19, 1948)	B20	319	pp5-6
Private Holding of Gold, Silver and Foreign Currencies, Revised Regulations Governing Note Issue and (Nov. 11, 1948)	B22	323	pp8-11

SILVER (continued)			
Dollars, free circulation of, since Economic Reform of Oct.31,1948	B22	S23	pp10-11
Mines in Hunan	B3	D20	p6
Kiangsi	B21	S22	p11
Shansi	B4	D26	p12
Smuggling in 1934	B13	D74	p5
SINKIANG, Agriculture in	B2	D14	
Area and % of forest land of	B4	D27	
Gold mining in Altai Mountains	B10	D61	
SMUGGLING Along the Canton-Hankow Railway	B16	D91	p5
See also IMPORTS, EXPORTS, INTERNATIONAL PAYMENTS, OVERSEAS CHINESE REMITTANCE, SILVER, etc.			
SOAP INDUSTRY in Shanghai	B11	911	pp5-4
See also SODIUM SILICATE.			
SODA and its by-products	B2	D12	pp2,3
SODA, CAUSTIC, Production in Shanghai	B10	310	p4
In Taiwan	B18	D100	
SODIUM SILICATE Production in Shanghai	B10	310	pp5,6
See also SOAP INDUSTRY.			
SOY BEAN chemistry in Northeast	B12	D68	pp8-10
SOUTH SEAS, trade between China and	B9	D56	
	B21	D106	
SPECIAL BUSINESS TAX LAW: see under TAXATION.			
SPECIAL EXCESS PROFIT TAX LAW: see PROFIT TAX LAW.			
SPICES: export in 1946	B10	D60	p3
STAMP DUTIES, influence of, and of Government control on the development of insurance in China	B3	D24	
STAMP DUTY LAW, REVENUE (Apr.16,1946)	B4	A6	
Enforcement Rules of (July 12,1946)	B4	A7	
(June 6, 1947)	B10	A25	
Application Rules of (July 3,1947)	B10	A26	
	B13		PIII
Revenue duty stamps on sales invoices (Oct.25,1947)	B13	A38	
(Apr.3,1948)	B18	A56	
Notes: 1) Date of enforcement in Shanghai	B18		FII
2) Explanatory examples concerning 'documents of principal debt & accessory debts'	B19		FII
3) Correction of error in Art.16	B19		PIII
4) Revision of duty rates	B20	A61	pp8-20
Application Rules of (Apr.20,1948)	B19	A57	
STEEL WORKS in Shanghai	B15	D85	
STOCK EXCHANGE in Shanghai	B6	D35	
Cash margins and idle capital	B13	D77	
SUGAR Industry in Taiwan	B1	D4	
Production in Taiwan as seen by the U.S.			
Sugarcane Mission	B9	D54	
Refinery at Shunte, Kwangtung	B5	D29	p6
SUIYUAN, area and % of forest land of	B4	D27	
SULPHATE OF AMMONIA	B2	D12	p3

SULPHUR mines In Hunan	B3	D20	p7
In Shansi	B4	D26	p8
SULPHUR BLACK	B10	J10	p2
SULPHURIC ACID Industry in China	B2	D12	p2
Production in Shanghai	B10	J10	p6
SZECHUAN, Aluminium in	B14	D79	pp5-6
Alunite mines in	B14	D79	p8
Cement factories in	B15	J15	p9
Coal mining in	B15	D87	p5
Cotton production and collection in	B12	D70	p4
Hydro-electric power in	B16	D89	pp3-14
.....	B18	D98	p4
Paper mills in	B17	D94	p6
Rubber industry in Chungking	B19	J18	p7
Silk output and loans in (1947)	B20	J20	pp3-4
Tea in	B1	D3	p4
Tung oil in	B2	D15	

T

TAIWAN, Cement factory in	B15	J15	pp7-8
Chemical industries in: alkalis & ferti- lizers	B18	D100	
Coal mining and trade in	B21	D107	
.....	B16	D90	p9
Cotton textile industry in	B6	J5	p3
Electric power network in	B6	D38	pp1,5-6
Company	B18	D98	p7
Exports of	B3	D22	p2
Finance in	B3	D22	
Forestry in	B20	D104	
Monopolies (camphor, beverages, tobacco, matches, weights & measures)	B6	D37	
Paper mills in	B17	D94	p5
.....	B18	D98	pp7-8
Rubber industry in	B19	J18	pp6-7
Sugar industry in	B1	D4	
Production in, improvement of, as seen by the U.S. Sugarcane Mission.	B9	D54	
Trade in	B3	D22	
with Japan	B13	J13	pp6-7
TANGKU, New Harbour of	B11	D64	
TANNING In Shanghai	B10	J10	pp11-13
See also LEATHER.			
TAT'UNG Coal field	B2	D13	pp1-2
.....	B7	D43	
See also SHANSI.			

TAXATION:

BUSINESS LICENCE TAX; see under LICENCE TAX LAW
below.

BUSINESS TAX LAW (Apr.16,1946)	B5	A8
Enforcement Rules of (Aug.16,1946)	B5	A9

TAXATION (continued)

BUSINESS TAX LAW (May 1, 1947)	B8	A19	
Notes: 1) Correction of mistake in Art.16	B11		PII
2) Revision of Art.5	B12		PII
3) Manufacturing enterprises taxed at only $\frac{1}{2}$ of the prescribed rate	B14		PII
4) Exporters exempted from the tax	B17		PII
Application Rules of (Aug.4,1947)	B10	A87	
Notes: 1) Table attached to Art.7	B12	A35	
2) Revision of Art.9 & 12	B15		PII
:Enactments Concerning the Simplified Investigation & Collection of the Business Tax in Shanghai (Oct.18,1948)	B22	A71	
:Notice Concerning the Simplified Investigation & Collection of the Business Tax in Shanghai for Autumn 1948 (Oct.20, 1948)	B22	A72	
BUSINESS TAX LAW, SPECIAL (May 1, 1947)	B9	A22	
Notes: 1) Computation of tax for import-export firms	B12		PIII
2) Computation of tax for insurance Co.	B12		PIII
3) Correction of mistake in Art.17	B13		PII
4) Businesses in Shanghai to indicate subordinate organizations in submitting the report for the taxation	B18		PII
Application Rules of (June 11,1947)	B9	A23	
Notes: 1) Revision of Art.9	B11		PII
2) 'Interest and deposits' temporarily cancelled in computing business profits	B11		PII
3) Temporary deduction of 'remittance charges' and 'fees' in computing business profits	B13		PII
:Simplified Methods for the Investigation and Collection of the (Special) Business Tax on Shipping Enterprises (1947).	B15	A44	
COMMODITY TAX In China, study of	B7	D44	
Reaction to the enforcement of	B8	D46	
COMMODITY TAX REGULATIONS (Apr.8,1948)	B2	S2	
Notes: 1) Revision of Art.14	B19	A52	
2) Revision of Art.3,4 & 5	B19		PII
EXCESS PROFIT TAX LAW, SPECIAL (Jan.1,1947)	B20	A62	
Application Rules of (Feb.8,1947)	B6	A10	
Note: abrogation (Apr.1,1948)	B6	A11	
HOUSES, tax on	B17		PIII
INCOME TAX, Comparison of former and present	B6	D36	p9
Controversy on collection of	B1	D8	
Assessment of capital of profit-seeking enterprises for	B8	S8	
.....	B12	D72	

TAXATION: (continued)

INCOME TAX LAW (Apr. 16, 1946)	B1	A1	
Notes: 1) Starting point for General Income Tax and sums to be deducted from it	B12		PII
2) Amount of foreign Income Tax deducted	B12		PII
Enforcement Rules of (July 3, 1946)	B1	A2	
Note: revision of Art. 6 & 7	B10		PII
Readjustment of Amounts of Tax Exemption and Scales of Taxation, Regulations Governing (Mar. 15, 1947)	B8	A18	
Amounts Exempted and Rates of Taxation (Apr. 24, 1947)	B9	A21	
	B11		PII
Investigation and Collection, methods of, for Class II, Section A (July 7, 1947)	B11	A30	
Rates for Class II Section B in Nanking and Shanghai (Aug.-Oct. 1947)	B12	A34	
Investigation and Collection, Methods of, for Profit-seeking Enterprises (Feb. 3, 1948)	B15	A42	
Starting Points and Rates of Taxation (Feb. 12, 1948)	B15	A43	
	B18		PIII
Formula for Computing, for Class II Section B (Feb. 1948)	B16	A45	
INCOME TAX LAW (Apr. 1, 1948)	B17	A50	
	B18	A53	
Notes: 1) Correction of error	B18		PII
2) Revision of Art. 10	B18		PII
3) Revision of Art. 101	B19		PII
Starting Points and Rates for 1948 (Apr. 1, 1948)	B17	A51	
Note: retroactive effect	B18		PIII
Starting Point and Rates for Income from Temporary Sources (Apr. 27, 1948)	B18	A55	
Readjustment of Tax on Income from Fixed Salary or Wages and from Temporary Sources (Apr. 27, 1948)	B18	A54	
Revised Starting Points and Scales (Aug. 26, 1948)	B20	A61	pp5-6
Investigation and Collection, on Profit- seeking Enterprises, Supplementary Methods (Sept. 21, 1948)	B21	A63	
Note: second part of Tax for 1948	B22		PII
INHERITANCE TAX LAW (Apr. 16, 1946)	B11	A28	
Application Rules of (July 12, 1947)	B11	A29	
Note: Revised starting point, schedule of taxation and deductions granted (Aug. 26, 1948)	B20	A61	pp6-7
LAND TAXES	B6	D38	pp4-10
Levy of land increment tax in Shang- hai	B20		PII
See also LAND LAW.			

TAXATION: (continued)

LICENCE TAX LAW, BUSINESS (Dec.5,1946)	B7	A12	
Rules Governing the Collection of the Business Licence Tax in Shanghai (June 30, 1947)	B11	A31	
Rules Governing the Collection of the Business Licence Tax in Shanghai (1948)	B19	A60	
LICENCE TAX LAW, BUSINESS (Nov.14,1947)	B12	A33	
Note: Temporary postponement in Shanghai	B20		PII
MINERAL PRODUCT TAX REGULATIONS (Feb.5,1947)	B21	A68	
Rules Governing the Collection of the (July 9,1948)	B21	A69	
PROFIT TAX, EXCESS: see EXCESS PROFIT TAX LAW.			
PROPERTY TAX	B10	D59	
REVENUE STAMP DUTY: see under STAMP DUTY LAW.			
STAMP DUTY LAW, REVENUE (Apr.16,1946)	B4	A6	
Enforcement Rules of (July 12,1946)	B4	A7	
STAMP DUTY LAW, REVENUE (June 6,1947)	B10	A25	
Application Rules of (July 3,1947)	B10	A26	
	B13		PIII
Measures Governing the Affixing of Revenue Duty Stamps on Sales Invoices Issued by Factories which Have Already Paid the Commodity Tax (Oct.25,1947) ...	B13	A36	
STAMP DUTY LAW, REVENUE (Apr.3,1948)	B18	A56	
Notes: 1) Date of enforcement in Shanghai	B18		PII
2) Explanatory examples concerning 'documents of principal debt & accessory debts'	B19		PII
3) Correction of error in Art.16. B19			PIII
4) Revision of duty rates	B20	A61	pp8-20
Application Rules of (Apr.20,1948)	B19	A57	
TAXATION, public income from	B3	D17	p3
TAYEH iron mine	B2	D13	p4
TEA, Geographical distribution of, in China	B1	D3	
Production and loans	B11	D65	pp1-4
During 1946	B6	S6	
Trade and foreign exchange	B11	D65	
Marketing (1946,1947)	B11	D65	p7
Export (1946)	B6	S6	
	B10	D60	pp3-4
	B11	D65	pp4-6
	B15	D83	
Oil export (1946)	B10	D60	p3
Products along the projected Fukien-Kiangsi Railway	B17	D96	p4
Commodity Tax on	B2	32	p6
TEXTILE, Cotton, industry in China, present conditions and prospective difficulties	B6	S4	
	B20	D103	
Artificial fibre industry in China, creation of	B5	S4	

TEXTILE (continued)		
Fabrics, export in 1947	B15 D83	
Cotton, industries in Shanghai	B1 D7	
Industry in Northeast	B8 D49	
Under N.E. Production Administra-		
tion	B12 D68	p3
Fibre production in Northeast	B8 D49	
Factories in Kwangtung	B16 D92	p3
	B5 D29	p7
See also COTTON, SILK, etc.		
THAILAND (or Siam), trade with: see SOUTH SEAS.		
TIENTSIN, Cotton textile industry in	B6 S5	pp2,4
China Textile Industries, Inc. in, output		
of cotton yarn and cotton piece goods		
of the (1946-1948)	B20 D103	p5
Imports and exports via, % of China's		
total (1947, 1948)	B21 D105	p3
Rubber industry in	B19 S18	pp5,11
See also HOPEH, NORTH CHINA.		
TIMBER In Shensi	B14 D82	p6
In Taiwan	B20 D104	pp10-11
Products along the projected Fukien-Kiangsi		
Railway	B17 D96	p4
Export in 1946	B10 D60	pp3,4
See FORESTRY.		
TIN Mines in Hunan	B3 D20	pp5,6
In Kiangsi	B21 322	pp1,10,11
Export	B15 D83	p9
TOBACCO, Problems in China	B19 S17	
Industry under N.E. Production Administra-		
tion	B12 D68	p7
In Taiwan	B6 D37	p3
Flue-cured, in Honan (1946)	B5 D33	
American, loans since Victory	B19 D102	p7
Import and its % in China's total imports		
(1947, Jan.-Apr. 1948)	B21 D105	p2
See also CIGARETTE.		
TOOLS: see MACHINERY & TOOLS.		
TRADE And industries	B22 323	
	B9 D50	pp3-4
Foreign, since Victory	B15 D83, B21 D105	
Between China and South Seas	B9 D56	
	B21 D106	
With Japan, reopening of private	B13 S13	
Deficit, prospects, China's	B21 D106	p3
In forest products in 1946	B10 D60	
In Taiwan	B3 D22	
See also FOREIGN TRADE, IMPORT, EXPORT, INTER-		
NATIONAL PAYMENTS, etc.		
TRADE MARK LAW, Projected Revision of (1948)	B22 A73	
TRADE NAME of commercial businesses	B22 D106	
	B13 312	p4
	B14 D82	p9
TRANSPORT in Shensi		
TRANSPORTATION ENTERPRISES, Revaluation of fixed		
assets of	B7 S7	
See also SHIPPING, RAILWAY.		
TRUST: see CENTRAL TRUST, BANKS (trust companies).		

TSINGHAI, Hydro-electric power plant in B16 D89 p15
 See also NORTHWEST.
 TSINGTAO, Cotton textile industry in B6 35 p2
 Cotton yarn and cotton piece goods of
 China Textile Industries, Inc. in, out-
 put of B20 D103 p5
 Rubber industry in B19 318 p5
 Imports & exports via, % of China's
 total (1947, 1948) B21 D105 p3
 See also SHANTUNG, NORTH CHINA.
 TUNG OIL Production in China B2 D15
 Tree cultivation in China B2 D15
 Export B15 D83 p8
 (1946) B10 D60 pp3-4
 (1922-1946) B22 D109
 World Market & Chinese problems B22 D109 pp4-6
 See also CHINA VEGETABLE OIL CORPORATION.
 TUNGKUAN, coal mines in, Shensi B9 39
 See also SHENSI.
 TUNGSTEN Mines in Hunan B3 D20 p5
 Mines in Kiangsi B21 322 pp5-11
 Export in 1947 B15 D83 p9

U

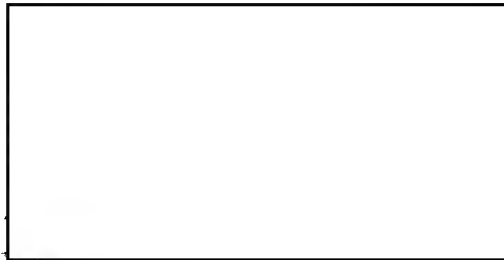
UNRRA relief goods for China B11 D63 p9
 URANIUM in Northeast B2 D13 p5
 U.S. DOLLARS Quotations and commodity prices B13 D75 pp5-6
 See also FOREIGN EXCHANGE.
 U.S. SUGARCANE Mission, and sugar in Taiwan B9 D54
 U.S. AID Loans to China 1937-1947 B11 D63 p7
 U.S. ARMY SURPLUS MATERIALS sold to China B11 D63 p8

V

VANADIUM B2 D13 p5
 VEGETABLE OIL CORPORATION, CHINA B9 D53

W

WAGES, Fixed, rates of taxation on Income of Class
 II, Section B: see INCOME TAX under
 TAXATION.
 WAR, Civil, changes in foreign trade caused by B21 D105 ppl-3
 WAR REPARATION, Japanese, to China B11 D63 p10
 WATER POWER In Shensi B14 D82 p6
 In Chekiang B22 324
 See also ELECTRIC POWER (Hydro-).



25X1A

**End
of
Job**